





# ABOUT THIS REPORT

[GRI 102-48; 102-49; 102-51; 102-52]

It is with special satisfaction that we present to you this year's Annual Sustainability Report, highlighting the balance sheets, advances, and the overall impact of our business activities throughout 2021, a year in which we recorded our best ever results. The issuance of this annual report, and the accountability it represents, has now been fully consolidated into our working routines. **This is the 16th year in a row for us to issue such a report, an opportunity to highlight activities aimed at sustainability through a unique publication format.**

Our main objective, in the present report, is to organize the wealth of information we have gathered about our business, which is global in scope, and to do it in a way which is direct and concise. More than just reporting data, we want to establish relationships with our stakeholders that are ever closer and more transparent; we can do this by providing access to details about our business strategies, corporate governance and management, operations, the impact of our business activities, and our results, while always giving due consideration to the economic, social and environmental contexts.

Therefore, we have gathered together, in the following pages, a wealth of information

about the challenges we faced in 2021; these include the Covid-19 pandemic and its ongoing consequences, a challenge which required us to redouble health and safety precautions for our employees. Since we are dedicated to food production, an essential economic activity, we maintained our operations throughout the pandemic without giving way on the strictest of health and safety protocols.

During the period under review, we notched significant gains from advances made in the area of ESG (environment, social responsibility, corporate governance) goals. For example, we are already witnessing positive gains from the actions undertaken by the **Marfrig Verde+ Program**, by which we are committed to eradicating deforestation from our production chain in the Amazon biome by 2025 and in the Cerrado biome by 2030. We also continue in pursuit of continuous improvement in practices designed to minimize the impact of our operations on the environment and on society at large. We can claim several achievements in this area during the course of the year such as the fact that we reached the top position, among beef protein companies, in the **Coller FAIRR Protein Producer Index**, a ranking used as a reference point for decision-making by global investors.

As the best way to highlight advances made by our business in relation to ESG goals, we have organized the information herein contained based on guidelines and methodology developed by the **Global Reporting Initiative (GRI)**, using its "Standards" version and "Essential" option. The GRI is an international institution dedicated to creating reporting standards for companies and governments as they inform stakeholders of impacts from their activities on critical sustainability issues, such as deforestation, climate change, and human rights. We have also incorporated some indicators from the **Sustainability Accounting Standards Board (SASB)**, an international organization that establishes parameters for better evaluation of corporate ESG practices. In addition, we utilized some elements brought together by the **International Integrated Reporting Council (IIRC)** dealing with the question of how capital resources are allocated to create value, a concept central to Integrated Reporting.

The text will also touch upon ways in which we are contributing to the targets established by global initiatives led by the United Nations, such as: **The Global Compact**, to which we are a signatory, and the **2030 Agenda**, which deals

with global **Sustainable Development Goals** (SDGs). [GRI 102-12]

Content is accompanied by balance sheets as audited by Grant Thornton Independent Auditors. Full balance sheets are available at our Company Investor Relations website: (<http://ri.marfrig.com.br/>).

Further inquiries can be addressed through the following channels: [GRI 102-53]

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Enjoy!





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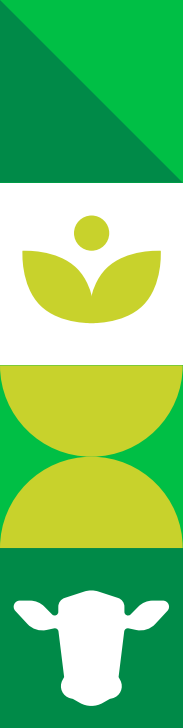
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# MESSAGE FROM THE BOARD OF DIRECTORS

[GRI 102-14]



A simple structure  
for the execution of  
our strategies, with  
independent and  
profitable operations  
and efficient  
management"



**Marcos A. Molina dos Santos**  
Majority shareholder and Chairman

The year 2021 will endure, in the history of Marfrig, as one of records. We posted the best results ever by our Company, with more than R\$85 billion in net revenue and R\$14,5 billion in Adjusted EBITDA. It was a time of great challenges and of important victories as we sought to co-exist with the Covid-19 virus. Despite all adversity, and without giving way on the safety of our employees, we were able to maintain normal operations, fulfilling our responsibilities as an essential service in the global food supply chain.

We can boast a simple structure for the execution of our strategies, with independent and profitable operations and efficient management, characteristics that drive the excellent results we have achieved. In fact, execution is one of our strategic pillars, along with financial discipline, the adoption of best practices for sustainability, and high Corporate Governance standards, in addition to expanding the production of processed products and a determined focus on innovation.

Marfrig's solid performance this year, confirming management's commitment to generate value for all of the Company's stakeholders, allowed us to propose and then distribute more than R\$2,1 billion in dividends, cancel more than 20 million shares held by the company treasury, and repurchase another R\$650 million shares from the market. I would also highlight the more than R\$2,3 billion

in strategic investments made in our operations along with organic growth during the year. In North America, we expanded our Iowa unit; we also expanded our slaughter volume and deboning operation in Várzea Grande while opening a new hamburger plant in Bataguassu, both in Brazil. These investments will be fundamental for planned growth in our share of the market for high aggregate-value processed products; they will add value to our revenue. We undertook all such investments without giving way on financial discipline and, in fact, improved our leverage ratio from 1,57x to 1,51x.

As part of a strategy recognizing commercial interdependence, we invested approximately R\$8,7 billion in shares of BRF (BRF S.A.), taking a position equal to 33,27% of that company's capital stock. The stake makes us the largest individual shareholder in BRF. Another pillar of our strategy is innovation. We made several advances on that front. For example, our PlantPlus unit acquired Sol Cuisine and Hilary's, important players in the production and marketing of plant-based food products in North America. The expansion of our portfolio in this segment, along with geographic diversification, distribution using various channels, economies of scale and use of top-quality raw materials will allow us to create a complete and vertically integrated ecosystem. That, in turn, will enable us to better serve our clients among the leading foodservices and supermarket chains.



Conducting business affairs in sustainable manner is another of our strategic pillars; we made important advances in this area during the past year, confirmed by Marfrig's prominent position in the main global indices for sustainable business practices. We were ranked at the top among beef protein companies, and the only enterprise in the beef industry classified as "low risk," in the latest edition of the Collier FAIRR Protein Producer Index. The Index is a reference point for foreign investors in their decision-making on capital allocations when it comes to ESG criteria, i.e., practices related to Environment, Social Responsibility, and Corporate Governance.

We were also the only company in our industry, in the Americas, to reach "Tier 2" status in the BBFAW survey, a global benchmark in the evaluation of animal welfare management. We were also the only company, on a global level, to obtain an A grade in the area of water security, for the second year in a row, from the CDP, a global platform that aggregates data on environmental performance by companies, another survey closely watched by investors.

I would also mention our unique strategy when it comes to company targets for the reduction of greenhouse gas emissions, given that we are the only company in the industry that can boast clear-cut objectives, supported by scientific data, for the reduction of greenhouse gas emissions generated by our operations. I would give special emphasis to our Scope-3 initiatives; this is the category that encompasses supply chains and includes issues such as animal digestive emissions, one of the

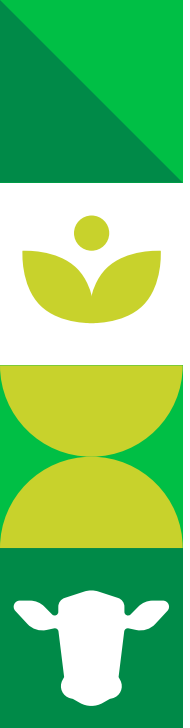
chief greenhouse gas problems. Our practices are also in alignment with commitments assumed as a signatory to the Global Compact, a United Nations initiative that includes, in its agenda, issues such as human rights, decent working conditions, environmental protection, and the fight against corruption.

The Marfrig Verde+ Program is a pioneering initiative in our industry; it aims at concrete actions to minimize the environmental and social impacts from the Brazilian livestock. Many of its actions have already come to fruition. For example, we are making rapid progress in identifying our indirect suppliers, a critical link in the value chain and an important strategic resource in combating deforestation in biomes such as the Amazon and the Cerrado. In 2021, we brought more than 2.000 ranches back into the fold based on measures helping them to resume operations in accordance with socio-environmental commitments assumed by Marfrig. The figure represents 26% of active suppliers during 2021.

It gives us great satisfaction to know that we are impacting society in a positive way through our operations and our results; this is especially true in relation to the various publics with which we have direct interaction such as suppliers, shareholders, employees, and partners. We will continue to execute our strategies with this objective. I would like to thank all for the confidence they have placed in us and in the trajectory we have traveled; our thanks to all for supporting us throughout this journey.



We are the only company in the industry that can boast clear-cut objectives, supported by scientific data, for the reduction of greenhouse gas emissions generated by our operations"



# MESSAGE FROM THE EXECUTIVE DIRECTORS



In 2021, we brought together an unusual combination of ample cattle supplies with strong consumer demand for bovine protein, and favorable margins"



**Tim Klein**

CEO of National Beef

## NORTH AMERICA

Our business has benefited greatly from a very favorable scenario in the beef sector. The North American market, in 2021, brought together an unusual combination of ample cattle supplies with strong consumer demand for bovine protein; beef consumption per capita reached 58 pounds (26,3 kg, according to the U.S. Department of Agriculture), and margins were favorable.

With the worst of the Covid-19 pandemic in the rearview mirror, the economy initiated a recovery. Pursuing a vigorous strategy in the context of higher average sales prices, on both domestic and international markets, combined with higher volumes allowed us to obtain record results: gross profits of US\$ 2,852 million, 71,3% higher than in 2020, and an unprecedented margin of 24,4%, six percentage points over the margin notched the previous year. Adjusted EBITDA of US\$ 2,571 million produced an adjusted EBITDA margin of 22,0%, a rise of 78,7% over 2020 performance, which was itself a record.

Even with the most critical period of the pandemic now behind us—a time when we suffered unprecedented absenteeism, with bovine protein productivity levels at

record lows across the industry—the need to manage this grave problem remained as our highest priority. We were able to keep to normal operations throughout the year, adopting strategies to protect the health of our employees and of the communities they serve. We established our own Covid-19 task force with a coordinator in each of our production units. The coordinator took on responsibilities for the evaluation of production at each unit, making sure that all were in line with company directives and local health regulations.

The task force worked in close cooperation with the leaders of National Beef so that, together, we could develop the proper health and safety practices, in every case aimed at making sure procedures were in place for avoiding the dissemination of the Covid-19 virus in our facilities. In parallel, we invited some 100 different clinics to come to our plants to offer vaccinations, allowing us to offer vaccination services to our employees, their families and to suppliers and others in the communities where we have a presence.

Among investments in our operations was the installation of a new Effluents Treatment Station (ETS) in our Liberal,



Kansas facility, an investment amounting to US\$ 50 million. The new station will be able to treat some 7 billion liters of water per year, with the treated water used for irrigation of farmlands in the surrounding area.

Our commitment to embedding sustainability practices and initiatives into our business operations is helping us sustain our present and build a better tomorrow. At National Beef, we will continue to place a major emphasis on effective safety training for all employees as we strive to provide the safest work environment in the industry. Moreover, we spare no efforts in delivering safe and trusted products to customers and consumers through safety interventions, training, procedures, and protocols. A proper and human care of the animals in our facilities, the continuous improvement of our environmental impact

through resource management and waste reduction, as well as our approach to conducting our business in an ethical manner with our customers and suppliers, will also ensure we remain steadfast in our commitment to the success of our business.

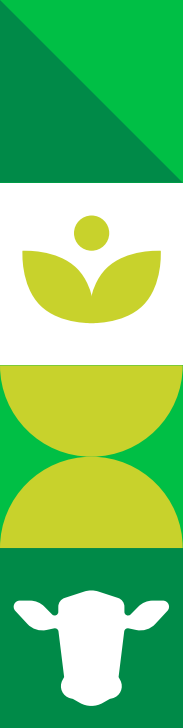
The favorable business environment persists - there are ample supplies of animals and strong internal market demand. Over the past 30 years, we've built an industry-leading team guided by people who are passionate about delivering the highest quality fresh beef, case-ready products and beef by-products to customers in the U.S. and worldwide. As we've grown, our passion for the business and commitment to the customer and the communities we serve remain just as important as it was in 1992.



Our commitment to embedding sustainability practices and initiatives into our business operations is helping us sustain our present and build a better tomorrow"







# MESSAGE FROM THE EXECUTIVE DIRECTORS



We have been able to engage with several more links in the value chain in our efforts to move towards more sustainable low-carbon livestock breeding"



**Miguel Gularte**  
CEO of Marfrig

## SOUTH AMERICA

Even in the face of a challenging context in 2021, the resilience of our operations reflects our best efforts to confront unusual conditions; we did so by buying well, processing well, and selling well. Since 2019, we have been operating under an Operational Efficiency Program based on concrete steps to improve our fixed costs and increase our productivity. In Brazil, for example, we are continually upgrading the slaughter capacity of our plants. Today, with ten units, we process the same number of cattle as in 2019, when we had 14 units. Improvements such as these have impacted our performance positively. In 2021 alone, our operations racked up R\$252 million in savings through the Operational Efficiency Program.

Also within this context, we should highlight the ability of our South American operations to employ flexibility and integration in facing up to a situation characterized by reduced cattle availability and consistently high prices for raw material. We also faced a domestic market depressed by high levels of both unemployment and inflation; in addition, there was a temporary suspension of our exports to China, the chief market for our products.

It was within this context that we also had to cope with the Covid-19 pandemic. Fortunately, with the coming of vaccines and the massive adherence of the population to vaccination campaigns, the most critical phase of the pandemic was surmounted. As in the previous year, we were able to maintain our operations at normal levels, meeting demand while also ensuring the well-being of our employees. Meanwhile, we continue to follow strict protocols formulated in line with the best health and safety practices.

Despite these challenges, the actions and the commitment of our entire South American operation made it possible for us to increase net revenue by 20%, reaching R\$ 22,5 billion. Even though sales may have declined, average prices, during the period, were higher than the previous year. When it comes to exports, which account for 58% of revenues, the increase was 13%. In the area of domestic sales, which represent 42% of revenues, the rise was 35%.

We have also prioritized the expansion of our productive capacity for higher aggregate-value items, which offer better margins. Such products, especially hamburgers,



experienced high levels of demand in 2021, with the market showing signs of resilience despite the adversities of the time. Meanwhile, we continue investing to improve our operations, expanding the deboning capacity and hamburger lines at the Várzea Grande unit in Mato Grosso while implantation a new hamburger plant in Bataguassu, Mato Grosso do Sul. We are also expanding our units in Tacuarembó, Uruguay, and in San Jorge, Argentina.

We were able to mitigate effects of the restrictions placed on the Chinese market, restrictions which bedeviled us during almost the entire fourth quarter of 2021. We were able to do this because of our unique capacity to re-organize distribution networks, given the fact that we have a number of different units authorized to trade with China spread over South America.

Within this context, an aspect that deserves to be highlighted is the coming of age of our sustainability practices. We have been able to engage with several more links in the value chain in our efforts to move towards more sustainable low-carbon livestock breeding. In addition, we can point to several concrete results from actions taken

by the Marfrig Verde+ Program, inaugurated two years ago with the objective of reconciling production with conservation, and doing so based on a broad policy of inclusion. In this regard, I would mention the regularization of operations at more than two thousand ranches, all of which re-entered our suppliers lists as producers accounting for at least 700 animals slaughtered. With this policy, everybody wins: breeders increase their sales and generate jobs, positively impacting their communities, while, at the same time, giving us more options for the supply of raw material.

With 2021 in the rear-view mirror, our expectation is that the business environment will remain challenging, but with an upside bias, both on the raw materials supply side as well as the demand side, especially since shipments to China have now been resumed. We foresee challenges when it comes to domestic sales, given high unemployment rates and inflation. Because of these challenges, we will remain focused on executing strategies aimed at excellence in every area that depends exclusively on us: we will buy well, transform well, and sell well, with sustainability as our bedrock premise.



We will remain focused on executing strategies aimed at excellence in every area that depends exclusively on us: we will buy well, transform well, and sell well, with sustainability as our bedrock premise"





02

ABOUT US





HIGHLIGHTS

ECONOMIC AND FINANCIAL

Net Revenues  
**R\$ 85.4 billion**

↑  
up by **26.5 %**

ADJUSTED EBITDA  
**R\$ 14.5 billion**

↑  
**51.6 %**  
an all-time record

Consolidated Net Income  
**R\$ 4.3 billion**

↑  
**31.5%**

free cash flow  
**R\$ 5.1 billion**

↑  
**4.5%**



SUSTAINABILITY

**99.5%** of compliant indirect suppliers, based on pilot test with Visipec

**100%** of direct supply farms monitored by satellite

**63%** of the indirect suppliers in the Amazon Biome with identified origin

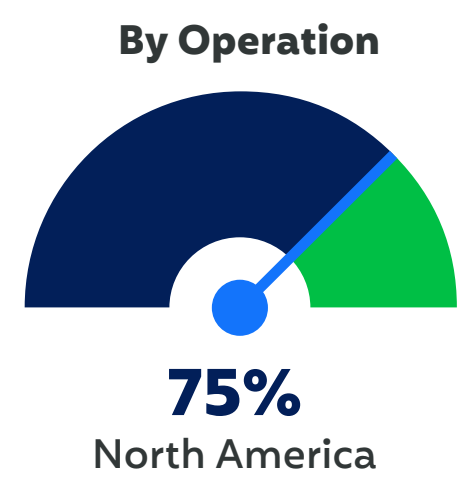
**67%** of the indirect suppliers in the Cerrado Biome with identified origin

**+2,000** farms reintegrated into our supplier database, as they are once again operating in compliance with our commitments, and now account for 26% of the active suppliers

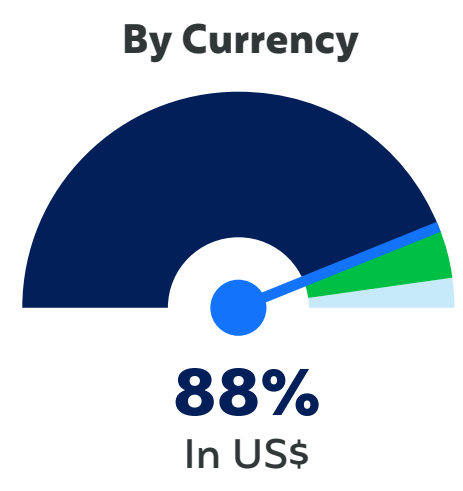
**+700** animals slaughtered originating from the reintegrated farms

**+1,000** animals slaughtered with traceability from birth, acquired from farms that integrate the MT Sustainable Calf Program

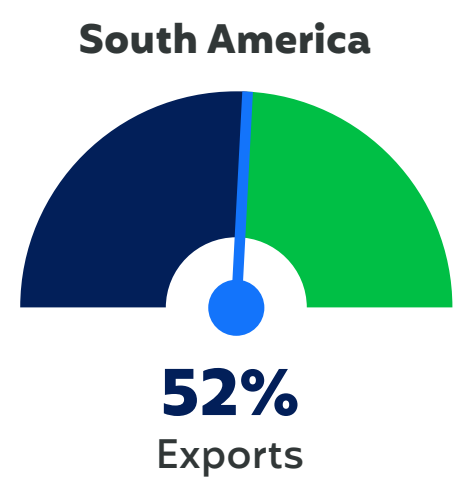
**1.75 million-euro** investment in the MT Sustainable Calf Program



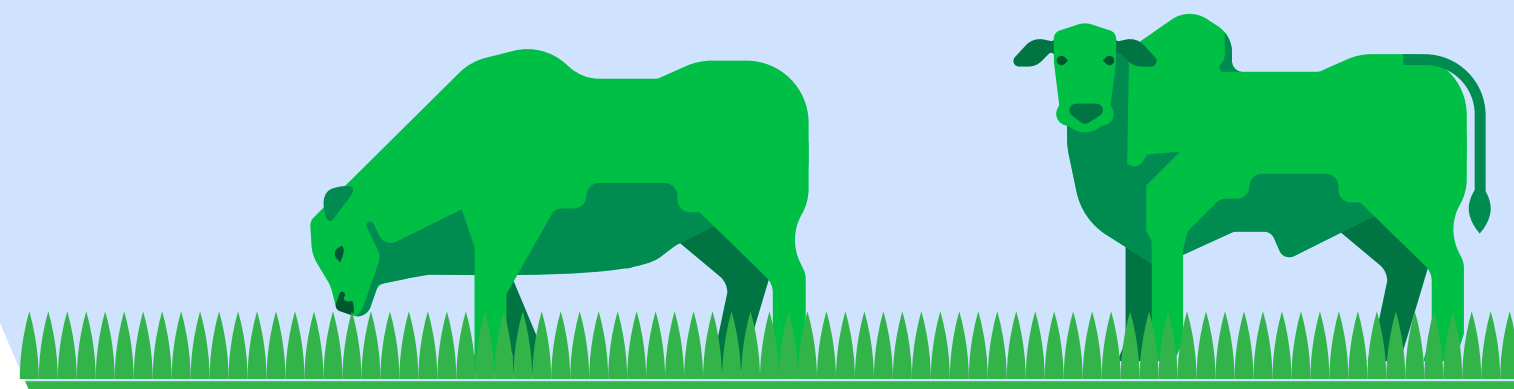
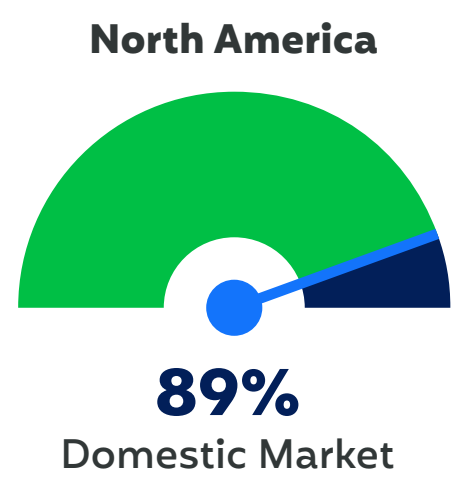
● North America  
● South America



● US\$  
● BRL  
● Other



● Exports  
● Domestic Market



## AWARDS AND RECOGNITION

### BUSINESS PERFORMANCE

Several awards, granted throughout the year, have evidenced the leadership position we enjoy in the sector in which we operate.

**Valor 1000 Yearbook.** In the latest edition of Valor 1000, published by the newspaper Valor Econômico, we were ranked as the second largest company in the food and beverage industry, up one position from the previous year. We have also climbed three places in the general ranking of companies, standing as the 9th largest in Brazil.

**Melhores e Maiores (The Best and Largest) from Exame magazine.** We won the award in the food and beverage category for the 48th edition of Exame magazine's Best & Largest.

**Best in Agribusiness.** We were the winners of the Best in Agribusiness 2021 award, in the Meat Industry category. This award is based on data collected by Serasa Experian, relating to the company's performance in the previous year.

**Large Groups in Brazil.** We won the award in the "Large Groups in Brazil" category, which comprises companies from several industries. The study, published in the periodical "Estadão Empresas Mais 2021", published by the newspaper O Estado de S.Paulo, is prepared by Fundação Instituto de Administração (FIA), in partnership with Austin Ratings, a credit risk rating agency, based on the analysis of the companies' balance sheets.

### SUSTAINABILITY

*We enjoy positions of distinction within all of the main international and local rankings when it comes to ESG practices, results which confirm the effectiveness of our efforts and the value of our policy of continuous improvement in all aspects of our operations.*

### FAIRR GLOBAL RANKING

#### THE BOVINE PROTEIN COMPANY WITH THE HIGHEST RANKING AND THE ONLY COMPANY CLASSIFIED AS LOW RISK

For the second year in a row, we were the highest ranked company in the bovine protein industry under the *FAIRR Protein Producer Index 2021*. Our score rose eight points, marking Marfrig as the only low-risk company in the industry.

The study, undertaken every year by the FAIRR Initiative, an organization based in London (UK) and supported by institutional investors, is a global reference point for decision-making by the investing public; its results are based on criteria related to sustainability. The analysis covers 60 companies worldwide in the animal protein business and is based on measuring performance in 10 different risk categories, including greenhouse gas emissions, water use, deforestation, and animal welfare, among others. To access the complete [Coller FAIRR Protein Producer Index report 2021](#).





## A REFERENCE POINT FOR ANIMAL WELFARE

Tier 2 in the BBFAW 2021, the most important global ranking for management of animal welfare. **We are the only bovine protein company, in the Americas, to obtain this distinction.**

## UNIQUE PERFORMANCE IN THE AREA OF WATER SAFETY

**A-rating** in water safety via the CDP, for the second year in a row. We are the only company in the bovine protein industry, globally, to notch this achievement.

## CORPORATE SUSTAINABILITY INDEX (ISE)

For the second year running, we have been included<sup>1</sup> in the 17th portfolio of the Corporate Sustainability Index (ISE) of B3 – Brazil, Bolsa, Balcão. This indicator is a benchmark of excellence in sustainability, since it brings together shares of companies that adopt differentiated practices in this area.

## CARBON EFFICIENCY INDEX (ICO2)

Our shares have been included, also for the second consecutive year, in the composition of B3's ICO2. This indicator brings together, in its portfolio, securities of companies that adopt efficient measures to minimize greenhouse gas emissions from their operations.

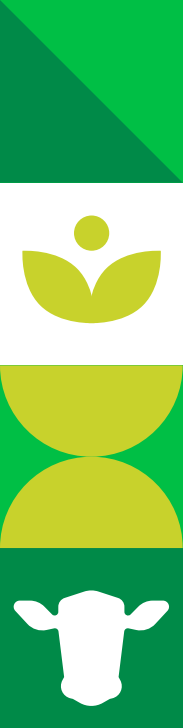
## A PIONEER IN ADOPTION OF GREENHOUSE GAS EMISSION REDUCTION TARGETS

**The first bovine protein company in Brazil and America** to commit to **Science Based Targets**, a global initiative which promotes the establishment of targets supported by scientific data as part of efforts to reduce greenhouse gas emissions.

<sup>1</sup> Inclusion in the ISE hypothetical portfolio, valid for the four-month period from May to August 2022.







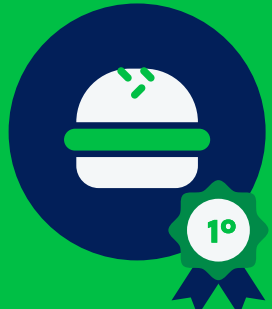
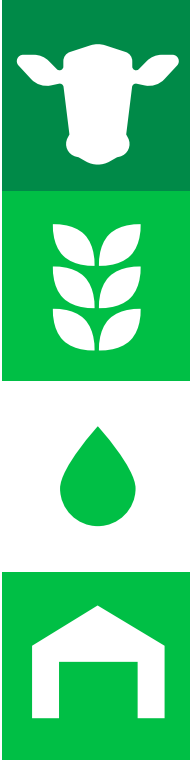
# PROFILE

We are the **global leader in production of hamburgers** and **one of the largest bovine protein companies in the world**. We conduct our business based on a strategy of value creation on three fronts: **bovine meat processing, food packaging**, and **production of vegetable-based foods**.

We base our operations on an integrated platform for the processing of bovine protein and the production of high aggregate-value processed foods, based on animal protein, mainly bovine, along with additional consumer-ready products such as frozen vegetables, lamb, fish, and sauces.

Consolidated in the Americas, our operations are divided into two regions. In **North America**, we operate under the National Beef banner, the fourth largest meat processor and the most efficient company in the industry in the United States. We slaughter and debone protein from cattle originating throughout the U.S. Products, in natura and processed, are sold through local retail, wholesale, and foodservice channels as well as to overseas destinations, with a concentration on premium markets in Japan and South Korea. Allied and complementary products as well as by-products from our industrial processes are also sold; other products and services include tannery and logistics operations as well as direct online sales to consumers.

Our operations in **South America** are dedicated to the slaughter and deboning of beef protein and the production of industrialized and processed foods such as hamburger, canned meat, beef jerky, sauces, and sachets, among others, with units located in Brazil, Uruguay, and Argentina. The resulting products are marketed in their own countries through recognized bands via retail, wholesale, and foodservice channels; they are also exported. In addition, we have a presence in Chile, where we are the main beef importer and where we maintain an operation for the slaughtering of lamb.



**Global leader in hamburger production.**



**Second biggest beef protein company in the world, by capacity.**



**Pioneer in production of vegetable protein foodstuffs.**



**Products sold in more than 100 countries.**



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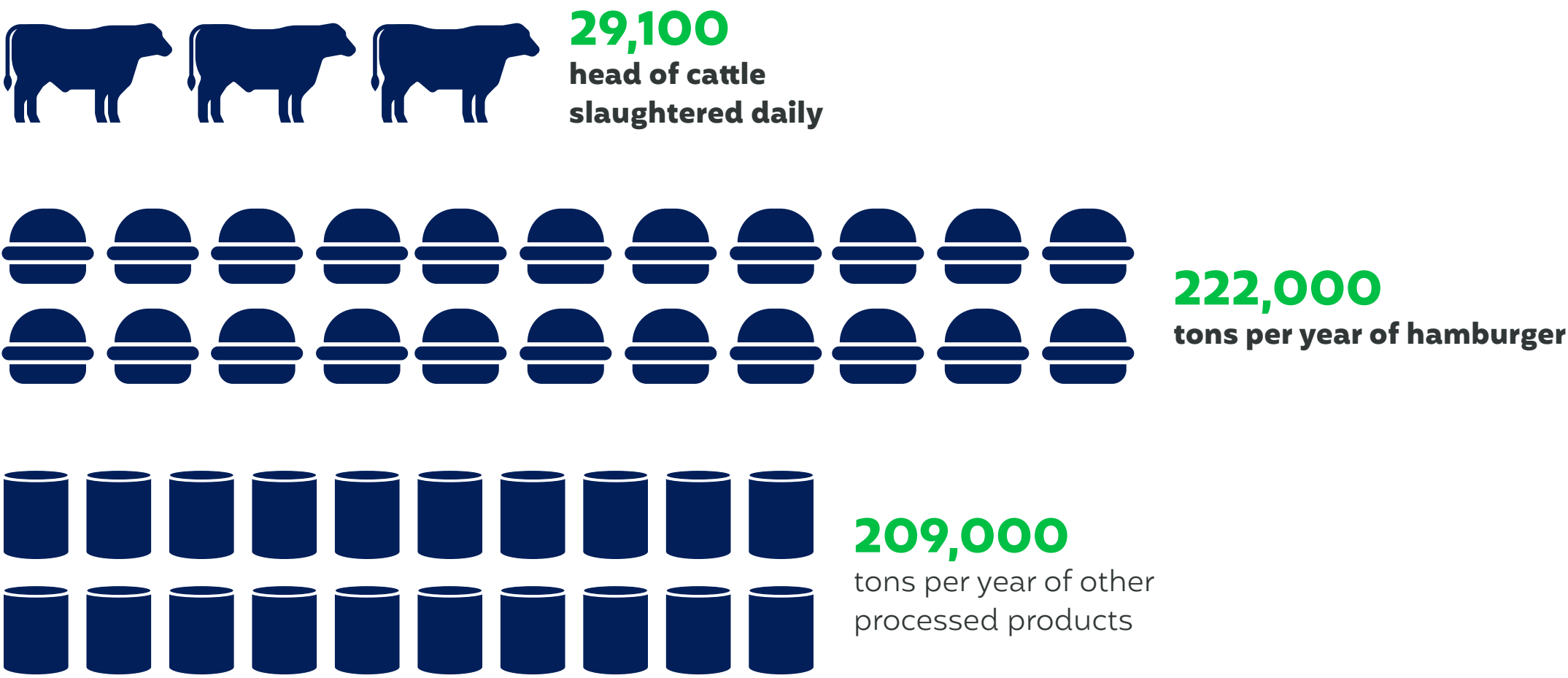


In the **production and marketing of foods based on vegetable protein**, we are active through our PlantPlus Foods unit, a joint venture we established with U.S. food packaging giant Archer Daniels Midland Company (ADM). Based in the United States, the company produces foodstuffs from our own plants located in the U.S. and in Brazil; it markets its products via retail and foodservice channels throughout the continent.

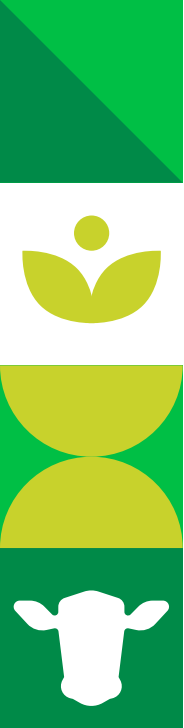
We are one of the most internationalized and diversified multinationals in the food packaging business, with products sold in more than 100 countries. We boast more than

34,000 employees lodged at 31 different production units in addition to a marketing and logistics structure that includes ten distribution centers as well as marketing offices in South America, Europe, and Asia. Headquartered in the city of São Paulo (SP), we are a publicly traded corporation with shares listed on the Novo Mercado segment of Brazil's B3 Exchange (Brazil, Bolsa, Balcão); the Novo Mercado brings together companies that spontaneously adhere to enhanced corporate governance practices. We also issue Level 1 American Depositary Receipts (ADRs), listed on the Over the Counter (OTC) exchange in the United States. **[GRI 102-3; 102-5; 102-7]**

PRODUCTION CAPACITY







# MISSION, VISION AND VALUES

[GRI 102-16]

## MISSION

To furnish the best protein products globally and establish long-term relationships with consumers, creating products of high quality and safety.



## VISION

We are recognized as the best company globally for protein output:

**GROW** along with our clientele, suppliers, and partners via innovative products while participating in the leading markets; **PROMOTE** the Company's development and create value for our shareholders; **KEEP** employees motivated and committed to high standards of operational excellence across the production chain and to do so in a sustainable manner; and **RESPECT** the society in which we work.

## VALUES

### 1 FOCUS ON THE CUSTOMER

Total commitment to our domestic and foreign clients. Attention and passion in attending the needs of clients through every stage of the productive cycle. Act to integrate what is correct in relation to products and procedures.

### 2 SIMPLICITY

Clarity, objectivity, and simplicity in decision-making, seeking to facilitate procedures. The slogan "less is more" permeates our operations.

### 3 TRANSPARENCY

Don't hide problems. Behavior and actions should focus on learning from mistakes so that they don't occur again. Motivate dialog with stakeholders, a practice which generates confidence, as well as boosting professional and personal growth.

### 4 RESPECT

Guided by ethical principles and motivated constantly by the development of good relationships.

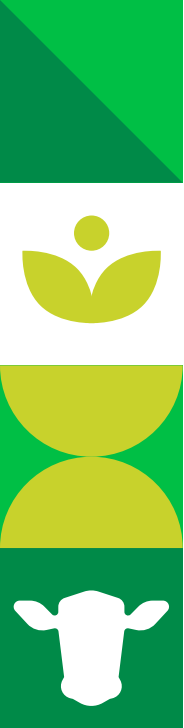
### 5 EXCELLENCE

Incentives are constantly being offered for innovative solutions as we seek a standard of excellence in all that we do. The capacity to develop throughout the organization, in the search for client loyalty in both the domestic and the international market.

### 6 ENTREPRENEURSHIP

Attention to market context, adapting ourselves to it. Working with passion on tasks needed to recover from situations of adversity. Act with resilience. Own up to responsibilities, taking care of procedures, ensuring productivity, and conserving resources. Be attentive to what is necessary in the face of demands, problems, and opportunities.





# FROM THE AMERICAS TO THE WORLD

[GRI 102-4; 102-6]

From our operations in the Americas, we distribute our products to the main markets in the world:

- 19 bovine slaughterhouses
- 1 lamb slaughterhouse
- 12 units for high-aggregate value products
- 5 distribution centers
- 1 feedlot unity



- slaughterhouses
- units for high-aggregate value products
- distribution centers
- feedlot unity

\*Uruguay's slaughterhouses, in addition to cattle, also handle lamb..



MARKETING PRESENCE IN THE AMERICAS, EUROPE AND ASIA

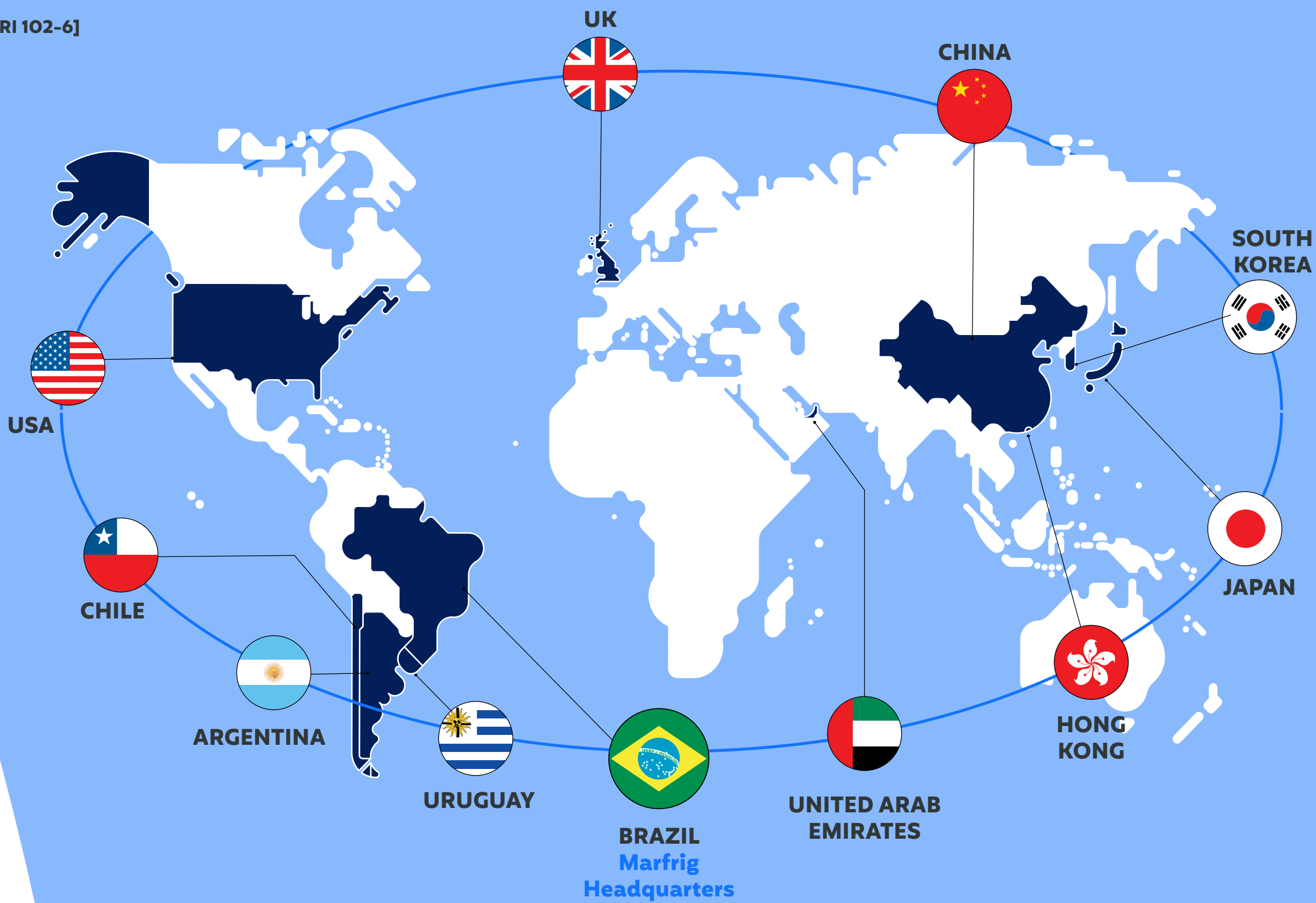
[GRI 102-6]

With sales offices spread over 10 countries in the Americas, Europe, and Asia, our products and brand names are made available in more than 100 countries via retailers, wholesalers and foodservices.



SALES OFFICES

[GRI 102-6]





BRANDS

[GRI 102-2]

We hold a broad portfolio of renowned brands, featuring high-quality products, geared towards both the domestic and export markets. This group includes several unique items, such as the organic products and those of the Viva! brand, which offers cuts of meat produced under differentiated concepts, such as Carbon Neutral Brazilian Beef (CNBB), a pioneer in Brazil.

BRAZIL



ARGENTINA



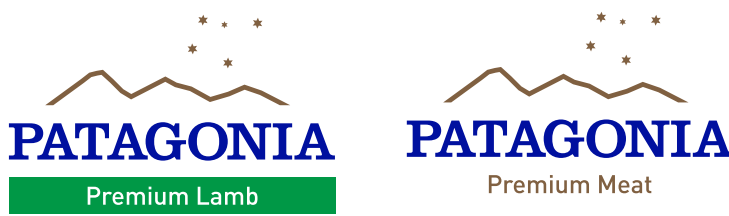
URUGUAY



UNITED STATES



CHILE



03

## VALUE CREATION STRATEGY





VALUE CREATION LEVERS

[GRI 103-2; 103-3]

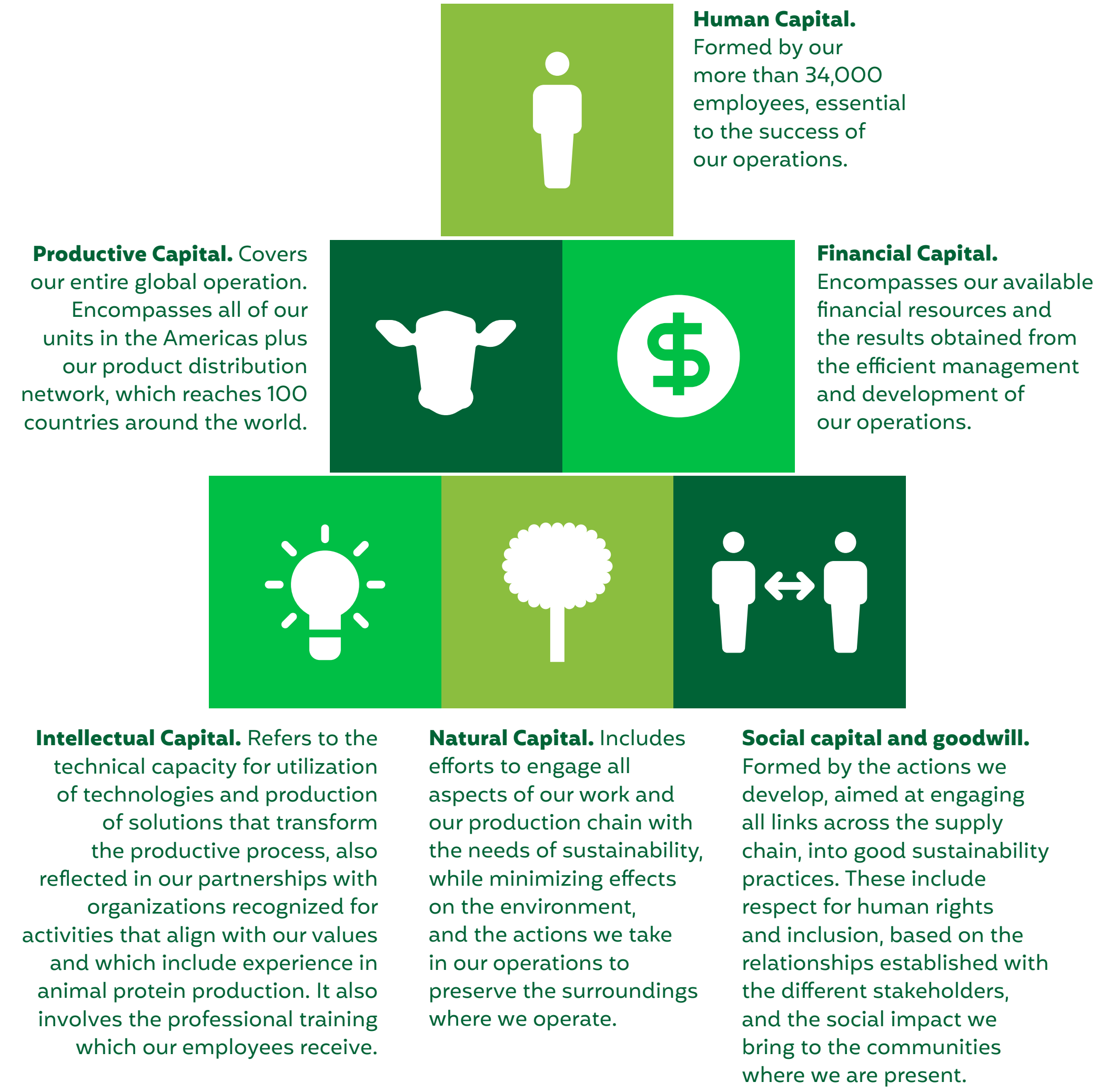
We run our business based on guidelines supported by five pillars, among which sustainability is the main axis. **We endeavor to be an effective transforming agent of our value chain, by fostering sustainable livestock farming, which combines production and low carbon emissions.**

Given its potential to compromise native vegetation in the regions where it is practiced, cattle farming is seen as one of the activities that most impacts the environment. However, this reality can – and should – be reversed. As one of the largest global beef protein companies, we are aware of the major role we play in fostering more sustainable production models, which can mitigate the impact from farming operations on the environmental and social environment.

In partnership with civil society organizations and private sector parties, we have been engaged in disseminating good sustainability practices, in our value chain, which combine production and preservation, always from the perspective of the inclusion of cattle farmers. We have also implemented measures and actions, within our work routines, to ensure that our operations also

minimize the impact produced in their respective surroundings, conserving natural resources and assuring, whenever possible, animal welfare. In partnership with institutions that are well-known players on these fronts, and by engaging the different links in the production chain, the good sustainability practices we adopt also translate into the production of superior quality products, in line with the demands of consumers and the markets we serve.

Our global leadership position in the production of animal protein, as well as the capillarity of our distribution, in addition to the strength of our brands, our expertise in developing sustainable production alternatives, coupled with the partnerships we have established, constitute leverages for the creation of value for the various stakeholders, with whom we maintain a relationship, and for society. We use our resources to positively impact our stakeholders, which are classified into six categories, or capitals, according to the model established by the International Integrated Reporting Council (IIRC):





STRATEGIC PILLARS

Further advances in 2021:

SUSTAINABILITY



**Best ranked beef protein company** in the global rating conducted by FAIRR, and the only one in the industry out of 15 beef assessed companies classified as low risk.



**1st beef-protein company** in Americas to commit to Science Based Targets.



**Consolidation of Marfrig Verde+**, a project that establishes an action plan that seeks, as a result, to have 100% of our supply chain free of deforestation/ conversion by 2025, in the Amazon biome, and by 2030 in the Cerrado biome.



**100% of the operational units** rely on Water Treatment Plants (WTPs).

**US\$ 30 million in investments** in the management of the supply chain located in both the Amazon and Cerrado biomes.

**Adoption of a risk mitigation map** for the Amazon Biome, both for direct and indirect suppliers, so as to identify the areas exposed to deforestation and social conflicts. This tool makes it possible to cross-reference various maps indicating the presence of native vegetation, with other maps showing cattle farming activities, which enables the identification of areas showing higher or lower risk of biodiversity depletion.

OPERATIONAL EXCELLENCE



**Simple structure**, with independent and profitable operations, boosting record economic and financial results.



**Maintenance of strict health and safety protocols** throughout all operations, ensuring more protection against Covid-19 to our employees.



**R\$ 2.3 billion in investments** related to projects of both organic growth and higher value-added products.



**R\$ 252 million in captures**, in the South American operation, through the Operational Efficiency Project.

**Largest number of bovine slaughtering plants qualified to export to China:** 13 plants in South America, being seven in Brazil, four in Uruguay and two in Argentina, which account for 70% of the installed capacity in the region.

PRODUCTS AND CLIENTS



**Greater outreach of PlantPlus Foods**, a company engaged in the production and marketing of vegetable-based products, with the purchase of two companies: the Canadian Sol Cuisine and the US company Hilary's. The acquisition of both companies involved the amount of US\$ 140 million.



**Products of the brand Viva!**, from a production model based on low-carbon technologies in cattle breeding (protocol Carbon Neutral Brazilian Beef , developed in partnership with Embrapa).



**Launch of Veggies**, in Argentina: **Veggies** is a line of vegetable-based hamburgers of the Green Life brand.

**Expansion of the direct sales channels**, both for retail and foodservice: creation of the Bassi. Marfrig application, in Brazil, for direct sales to consumers, and the strengthening of Mercado Marfrig, based on a B2B format, also in Brazil, and Mercado Paty, geared towards retail, in Argentina.

CORPORATE GOVERNANCE



**Continuous evolution** of practices adopted.

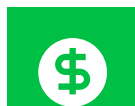


**Pro-active participation in Sustainability Committee** with support from the Board of Directors.



**Development of Compliance system** over and above training and fine tuning of policies.

FINANCIAL SOUNDNESS



Year of **record results**.

**Low dollar-denominated debt.**

**+2.1 billion in payment of dividends.**

CAPITALS

Productive



Natural



Social and goodwill



Intellectual



Human



Financial



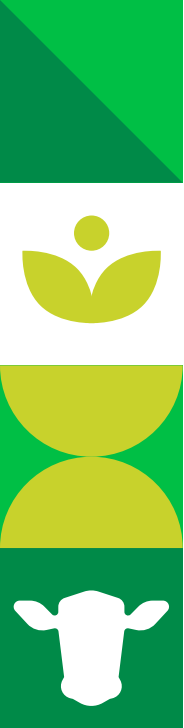


04

# OPERATIONS







# OPERATIONS

[GRI 103-2; 103-3; 102-2]

Our operations, concentrated on the axis of the Americas, focus on three segments:

- **Meat processing:** we are the second largest global company operating in this sector. We have a strong presence in the North American market, with one of the most profitable operations, and an integrated production platform in South America, focused on exports to important geographical locations.
- **Industrialized products:** we manufacture and develop products such as hamburgers - an item in which we are the global leaders -, canned meat, meats with sauces, sausages, and others. These items are produced in plants located in the United States, Brazil, Uruguay, and Argentina, and traded in South and North America.
- **Vegetable-based products:** a segment in which we entered in 2020, through PlantPlus Foods, a joint venture we have established with the North American company ADM.

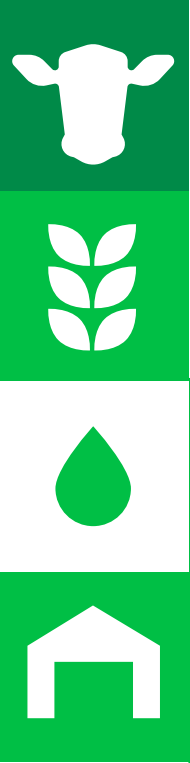
In order to operate on these three fronts, we rely on a diversified production structure, which is organized into two platforms: North America and South America. Together, they hold a slaughtering capacity of 29,100 head of cattle/day, produce 222,000 tons of hamburger per year, and 413,000 tons of other processed products. We also run lamb slaughtering production lines in Uruguay and Chile, totaling 6,500 animals/day.

# NORTH AMERICA

We operate via **National Beef, the fourth largest processor of beef in the United States**, concentrating approximately 14% of slaughterhouse output in the country. With a wide range of high aggregate value items including many options for immediate consumption, National Beef offers quality products based on the best raw materials available, as well as easily recognized brands. Items are sold locally via retail channels, wholesalers, and foodservices as well as to various markets worldwide.

One of the things that differentiates National Beef from others is the fact that it includes, among its shareholders, U.S. Premium Beef, an organization which brings together local cattle breeders. This collaboration means that the company can enjoy a network of exclusive suppliers, which contributes to sustainable operations for the company and creation of long-term value. Other National Beef operational highlights include:

- **The most efficient company in the industry** in the U.S.
- **Leader** in production of **certified Angus beef**.
- **Biggest exporter of chilled beef in the U.S.**, with Japan, and South Korea as chief markets.
- One of the **largest Wet Blue tanneries in the world**, featuring advanced, state-of-the-art technology.
- **87% of sales** made to the internal market go directly to **premium clients**.
- **70% of beef production** is **Black Angus**.
- The company commands **its own logistics**, National Carriers®. Using a fleet of more than 1,200 trucks, the company offers transport and cattle-related logistical services for clients all over North America.



## PRODUCTION CAPACITY

**13,100**  
head of cattle slaughtered per day

**100,000**  
tons per year of hamburger meat

**104,000**  
tons per year of other processed meats

**3**  
slaughterhouses

**5**  
processing units

## ANNUAL PERFORMANCE

**US\$ 11.673 billion**  
in net revenue (+23,6%)

**US\$ 2.852 billion**  
in gross profit (+71,3%)

**US\$ 2.571 billion**  
in EBITDAAJ (+78,7%)



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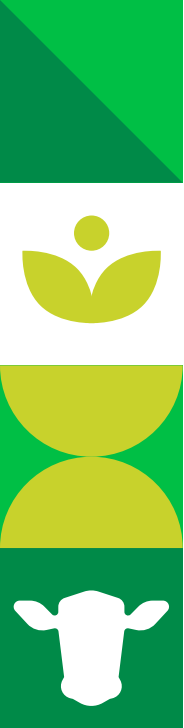
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## SOUTH AMERICA

This region is the world's biggest exporter of beef and we are among the production leaders with a daily slaughter capacity of approximately 16,000 animals. Our operations are present in Brazil and in Argentina, countries which, during the year, consolidated their positions as the chief suppliers of protein in the world, along with Uruguay and Chile.

Our products are directed toward local consumers as well as the international market, as underlined by the fact that we are one of the biggest exporters of animal protein in South America. Asia is the chief market, especially China, which is responsible for 61% of our total export revenues. Such demand favors our company, given that we have the largest number of facilities certified by China as exporters: a total of 13, including seven in Brazil, four in Uruguay, and two in Argentina. Among main destinations we can include Egypt, Chile, and the United States.

One of the highlights of the year was the positive impact of our Operational Efficiency Program. By means of improved buying policies, better processing, and stepped-up sales, the operation resulted in a revenue gain of some R\$ 252 million during the year.

🕒 In **Brazil**, we are the **second largest beef protein company and one of the chief suppliers of hamburger meat**, items which are directed to retail sales channels via foodservices, both in Brazil and overseas. We also **produce and market food products based on vegetable protein**, this the result of an exclusive agreement with U.S.-based ADM, one of

the largest suppliers of food ingredients in the world.

🕒 In **ARGENTINA**, we are **leaders within the country in the production and sale of foodstuffs derived from beef**. We are also active in the segment reserved for high aggregate value products, based on familiar brand names in the local market, such as Paty, for hamburgers, and Vienissima, leader in the sausage industry. We are also the second player in the frozen vegetables segment, and we operate with bovine protein, through two slaughter plants.

🕒 In **URUGUAY**, we are the **biggest beef protein company in the nation and the chief exporter**, responsible for about 30% of all the beef sold overseas, including both chilled and frozen beef to highly demanding markets such as Japan, the United States, Europe, South Korea, China, and others. We are also **the leading private group**, with more than 3,000 employees, and a pioneer in Latin American production of organic beef.

🕒 In **CHILE**, we are **the sole multinational in the protein market**, featuring a distribution center and our own processing plant. We are also noted as the chief importer and distributor of beef and we are a major local employer, with a workforce of about 400. We are also active in the mutton market, with one of the main lamb slaughterhouses in South America. The unit is also known as the only one in the country that can boast a BRC certificate, a seal of food security recognized worldwide, as well as Kosher recognized, meaning the final products conform to orthodox Jewish dietary rules.

### PRODUCTION CAPACITY

**16,000**  
head of cattle slaughtered  
per day

**122,000**  
tons per year of hamburger

**105,000**  
tons per year of other  
products

**16** slaughterhouses

**7** processing units

### ANNUAL PERFORMANCE

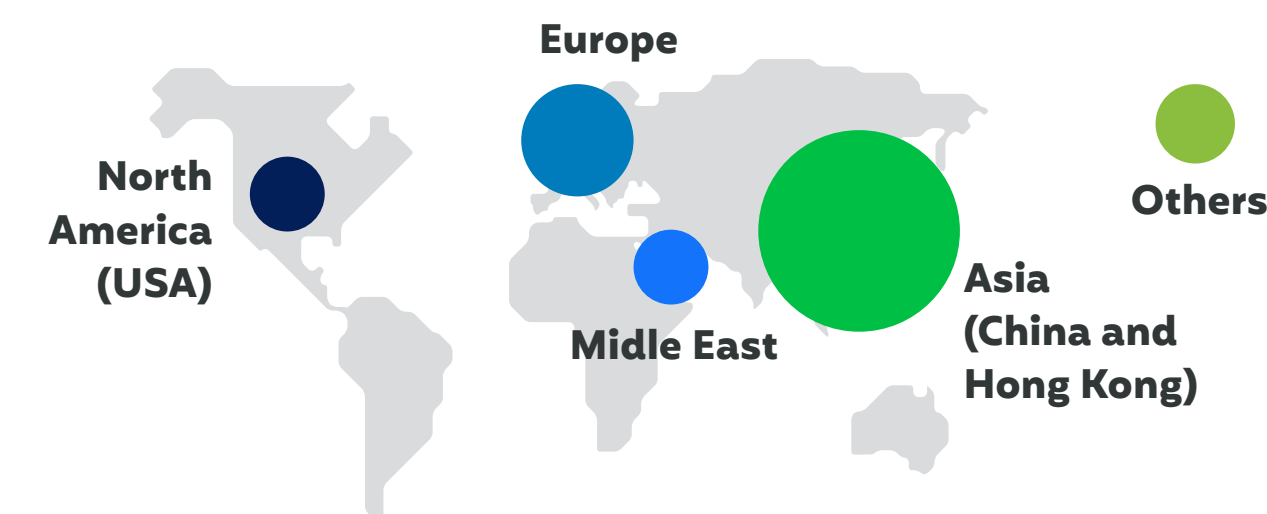
**R\$ 22,544 billion**  
in net revenue (+21,4%)

**R\$ 1,914 billion**  
in gross profit (-33,6%)

**R\$ 905 billion**  
in EBITDAaj (-56,2%)

### MAIN EXPORT DESTINATIONS

(% of revenue)



#### 2020



#### 2021



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## ADVANCES IN 2021

### VEGETABLE-BASED PRODUCTS

In 2021, we initiated a strategy of expanding our activities through PlantPlus!, a company dedicated to the making and marketing of vegetable-based products. We also acquired two other companies active in this niche market: Canada's Sol Cuisine and U.S.-based Hilary's. The total price tag for the two acquisitions was US\$ 140 million.

Through a strategy of consolidation, we are seeking to create a robust product portfolio, one that leans towards retailers such as foodservice companies while, at the same time, building a vertically integrated ecosystem to meet growing demand for plant-based products. The recent acquisitions add new product categories to our list, including vegetable-based hors d'oeuvres and food products for customers with dietary restrictions.

With a 70% stake in PlantPlus!, we are responsible for the creation and distribution of finished products from our facilities in South America, mainly Várzea Grande (MT), and from our production units in the United States. Our partner, ADM, holds a 30% stake and provides innovative technical know-how, application development and a variety of ingredients, flavors and plant-origin systems from its own special-protein complex in Campo Grande (MS) and from its U.S.-based flavors and ingredients factories, including the recently-inaugurated Enderlin, North Dakota facility, dedicated to protein production from peas.

The strength of the PlantPlus! joint venture comes from the partnership between two global food giants. On the one hand, ADM, with its highly developed technology and more than 75 years of experience with protein alternatives, research centers and hundreds of scientists forming a global network for Research and Development (R&D), is able to come up with innovative new products. On the other hand, there is Marfrig's scalability and sales force. The union between the two companies allows us to deliver quality products at volume, boosting market share while strengthening our commitment to solving current and future nutritional challenges.

Strategic monitoring of the joint venture's operations is undertaken via regular meetings between the company's Board of Directors and executives of Marfrig and ADM. Distribution of vegetable-based protein products is an integral part of our Materiality Matrix, revised in 2021 under the title "Solidity and Business Durability." PlantPlus Foods, therefore, reinforces the goal of expanding consumer access to plant-based products, filling gaps in a fast growing market with huge potential throughout the Americas.

In line with this strategy, we have also been investing in further development of alternative proteins by supporting academic research. We donated US\$190,000 to The Earth Institute and Climate School at Columbia University in the United States to fund research into "Proteins for Humanity: Pathways to Healthy and Sustainable Food System Networks: Transitioning from Animal Protein-Based Food Systems to ensure healthy and sustainable diets." Research begins in 2022.





## EXPANSION AND MODERNIZATION OF OPERATIONAL FACILITIES

Meanwhile, a broad investment program is also underway aimed at expanding and modernizing installed production capacity. All of the projects under the program are based on efficient solutions for the consumption of natural resources as we seek to minimize the impact of our operations on the environment. In 2021, we allocated R\$2.3 billion to various projects:

In North America:

- Doubling of production capacity at our Iowa unit.
- Plan for technological upgrades at our plant in Liberal, which will contribute to improving case-ready cuts and products.

Na South America:

- **Argentina:** we renovated the Villa Mercedes, Argentina deboning plant, and kicked off a projected doubling of slaughter capacity at our plant in San Jorge.
- **Brazil:** we expanded the deboning and hamburger production areas at our facility in Várzea Grande (MT) and completed work on a new hamburger plant at Bataguassu (MS).
- **Uruguay:** we expanded and modernized our plants at Tacuarembó and Salto.

## CAMPO DEL TESORO

We have completed the integration of **Campo del Tesoro** into our Argentine operations, culminating in improved productivity, efficiency and productive capacity. Acquired in 2020, **Campo del Tesoro** processes some 15,000 metric tons of hamburger, destined for foodservices, from its plant in Pilar, Buenos Aires Province. With the purchase of **Campo del Tesoro**, we consolidated our leadership in this market segment.

## PRODUCT LAUNCHES

**Bassi Patagonia.** We have initiated sales of lamb, produced at Chile's Patagonia plant, in the Brazilian market, an example of synergies among our operations. Lamb products, sold under the Bassi Patagonia brand name, come from herds raised by local producers in the extensive Patagonian fields; they are 100% pasture fed, without confinement, which makes production more sustainable. Lamb cuts are aimed at retail sales and foodservices. We added Brazil to existing markets for lamb including the United States, China, and Europe.

**Veggies.** Green Life, in Argentina, inaugurated its new "Veggies" line, the name given to the brand's vegetable-based hamburgers. The new line comes in four flavors: peas and broccoli; squash and corn, with chia seeds; spinach and pepper; and lentils and carrots, with girasol seeds. All varieties are appropriate for vegetarians and join a long line of vegetable-based products offered by Green Life. The new "Veggies" line is made from fresh vegetables, cultivated on company-owned properties on the banks of the Paraná River.

## DIRECT SALES

We have expanded contact channels for our customers, including both direct sales and retailing, such as foodservice clients:

- **App Bassi.Marfrig.** In 2021, we inaugurated a retail app for Bassi products in the Brazilian market, marking the brand's debut in direct sales. In this first phase, deliveries are available only in the city of São Paulo; but the scope of deliveries will be widened shortly. The app operates via its own platform, offering a number of differentials; for example, specialist partners like meat boutiques are available to expand options. Products are shipped using thermal packaging and reach customers within one hour of purchase. By the end of the year, the app had already registered 75,000 downloads by more than 4,000 active members.
- **Mercado Marfrig.** Online sales platform with a focus on B2B. Dedicated to meeting the needs of foodservice clients such as restaurants and bars of all different sizes, the portal was completely restructured in 2021 and now includes new functions such as sales promotions, and real time services via chat.
- **Mercado Paty.** Our e-commerce portal for retail products in the Argentine market. It can also be accessed via mobile phone, allowing customers to buy various product combinations, ranging from hamburgers and vegetables to frozen foods, for home delivery. Created in 2020, the system has shown swift growth. It is available to residents of Greater Buenos Aires. For more information, see <https://mercadopaty.com.ar>
- **Kansas City Steaks.** At National Beef, we also maintain our own channel for direct customer sales. For more information, see [www.kansascitysteaks.com](http://www.kansascitysteaks.com).



## BRAND RECOGNITION

### 1,000,000 Instagram Followers

Profiles of the Montana, Montana Steakhouse and Bassi brands, on social media, have drawn more and more attention, starting with a base number of followers, in 2019, of just 45,000. Growth in our social media presence has made Bassi the protein brand with the greatest engagement on Instagram, reflecting the efforts we have made to promote our premium brand names in Brazil. Results confirm the success of our strategy: recognition of the Bassi brand grew by 46 percentage points last year while that of Montana rose by 54 percentage points, according to an Ipsos Institute survey.

We took a number of steps throughout 2021 to make our brand names more familiar to the general public. These included:

- ◉ Dissemination of information through brand name ambassadors, of which there are four: international chef Nurset (Salt Bae), singer Michel Teló, and two Brazilian chefs, Tati Bassi and Renata Vanzetto; they produced:

**+40** video presentations

**+100** posts/stories

**+30** million people reached

- ◉ **+226** videos taped

- ◉ **102,000** video hits via Instagram hands on postings

## INNOVATION

We have invested assiduously in innovation. One example is creation of PlantPlus Foods by which we were able to incorporate into our business model the production of food products based on vegetables; we market the resulting products through channels reaching clients that range from retailers to foodservices (for more information, see page 26).

Innovation, of course, is a broad concept. In an organization such as ours, it can be implemented in many different ways, including incorporation of new technologies, alternatives to support and enhance production by suppliers (one of the objectives pursued by Marfrig Verde+ as outlined on page 64), introduction of new products, and business diversification, among many others. The importance of innovation is growing for us. To help create new opportunities in this area, in 2021 we inaugurated an Innovation and New Business Department. The new unit, in 2022, has already begun coordination of efforts to acquire startups in the e-commerce field, a niche market very attractive for our purposes. So far, we have invested US\$7 million in acquisition of two companies. They are:

- ◉ **Quiq**, a Brazilian digital platform that simplifies management of online orders for restaurants by linking POS (Point of Sales) locations to various delivery apps.

Quiq is a joint venture led by high-tech community 4all and including, as partners, a number of major foodservice providers.

- ◉ **Takeoff Technologies**, a U.S. company specializing in automated management and service of food inventories

for supermarkets and neighborhood grocers based on data-driven solutions to meet increasing demand for e-commerce services.

Other examples of the innovative initiatives that increasingly permeate our strategy on diverse fronts include these:

- ◉ **Viva!** features a range of meat cuts produced under Carbon Neutral Brazilian Beef (CNBB) criteria. Under this formula, animals are raised in livestock-cum-forest environments in which methane emissions by the animals are neutralized. To that end, we utilize techniques such as Crop and Livestock Integration (ICL) and Integrated Crop-Livestock-Forestry (ICLF), systems that aim at reconciling and balancing pasture lands and bio-diversity. These models are the result of an unprecedented partnership that we established with the Brazilian Agricultural Research Corporation (Embrapa) in 2018 to encourage the adoption of more sustainable livestock breeding practices and the certification of meats derived from such systems. In addition to Carbon Neutral Brazilian (CNBB), we are also working together on Low Carbon Brazilian Beef (LCBB), with a product launch likely to take place soon.

- ◉ **Move Boi**, provides equipment for handling of cattle, developed at one of our own units in partnership with manufacturers. The equipment encourages animals to tread down a corridor from the slaughterhouse gate without being prodded by an electrified truncheon. The tool, therefore, ensures animal well-being while it facilitates operations and work routines for our personnel.

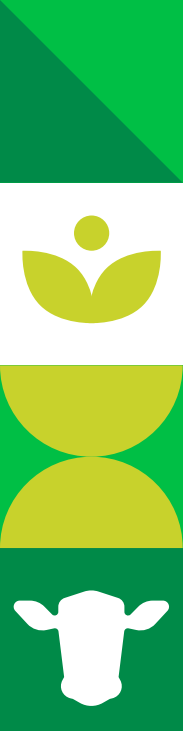


05

## CORPORATE GOVERNANCE







# CORPORATE GOVERNANCE

[GRI 102-18]

Consistent with our continuous improvement efforts, we are committed to always seeking to enhance our Corporate Governance practices. As an example, in 2021, ESG (environmental, social and corporate governance) aspects have been included in the individual self-evaluation carried out by the members of the Board of Directors, in accordance with the guidelines set forth by the Brazilian Institute of Corporate Governance (IBGC). Sustainability-related criteria have also been incorporated into the variable remuneration of the Directors, which reinforces the strategic role that these issues play within our operations.

We have also adopted the practice of conducting periodic reviews of the policies that underpin our Corporate Governance directives, with a view to keeping them in line with the very best benchmarks. During the period, the policies that are related to Market Risk Management and to the Distribution of Profits and Dividends, have been reviewed. We have also introduced a policy focused on establishing parameters for the hiring of non-audit services. The full text of these documents, all approved by our Board of Directors, may be accessed on our Investor Relations website.

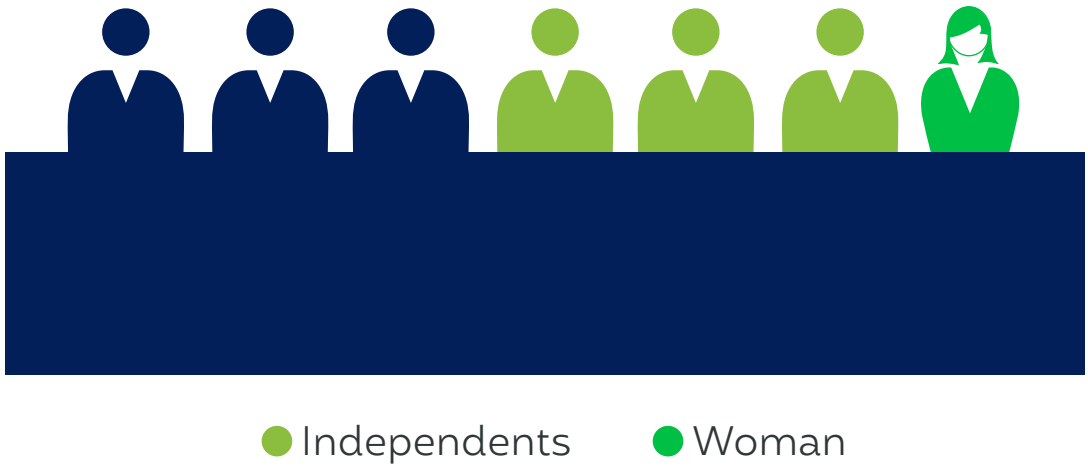
## GOVERNANCE AND MANAGEMENT STRUCTURE

The Board of Directors and the Executive Board are our two main Corporate Governance bodies, a structure that is strengthened by a permanent Fiscal Council. For further details on the composition and professional experience of the members of the governance bodies, and of the executive officers, please refer to the Investor Relations website (<http://ri.marfrig.com.br>).

- 🕒 **Board of Directors.** This body establishes the general orientation for conducting business, decides strategic questions, and oversees the Company's management, doing all such tasks with a commitment to Marfrig's long-term future while minimizing the impact our operation has on society and the environment. As of the end of 2021, the Council was composed of seven members, including three independents.

To aid the Board of Directors in the performance of its duties, we have developed a system of four advisory committees, each contributing its analysis when it comes to decisions in specific areas:

- 🕒 **Statutory Auditing.** This Committee analyzes balance sheets and oversees and coordinates internal and outside auditing and accounting procedures, especially when it comes to internal financial controls, risk management and other routines involving legal norms. The effort is coordinated by an independent counsellor and by two other independent members from the area of shareholder accounting.



THE COUNCIL WAS COMPOSED OF  
7 MEMBERS



**Remuneration, Corporate Governance, and Human Resources.** This involves evaluation of questions related to corporate governance, internal policies, and norms related to Human Resources, such as remuneration and benefits for administrators, employees, and service providers. At the close of 2021, the Committee was made up of three members: two independent board members - one of them being the coordinator of the Committee - and a statutory Director.

**Finance Committee.** This Committee periodically examines investment plans and overall Company financing as well as the impacts of such on capital structure. It also monitors and maintains liquidity and capital at pre-determined levels. It is composed of two counsellors, one of whom is independent, and a statutory director.

**Sustainability.** These efforts take account of the impact of our strategies and operations on the environment, keeping in mind the need for best practices when it comes to animal origins, animal welfare, greenhouse gas emissions, conservation of natural resources and control over effluents and residues. The group is composed of six members: two counsellors (one of them, independent, coordinates the Committee), two outside members, and the Sustainability director.

**Statutory Officers.** These enforce the general policies and directives established by the Board of Directors. As of the end of 2021, the team comprised four members: the CEO – Chief Executive Officer, the Legal Officer, and

the CFO and IRO – Financial and Investor Relations Officer, plus a fourth Officer chosen without reference to any specific area; all members hold a three-year term, with reelection permitted, but each can be removed at any time.

**Fiscal Council.** This Council actions are permanent and independent, exercising oversight and control in relation to accounts and administrative actions in order to guarantee compliance with legal and statutory requirements. As of the end of 2021, it was composed of three permanent members and three alternates, all holding terms of one year, with reelection permitting.

## ANNUAL EVALUATION

For the purpose of monitoring the performance of our Board of Directors, every year we promote a self-evaluation process of its members, a practice that enables us to evaluate the performance of the Collegiate, and to indicate potential improvements for the progress of Corporate Governance practices. Each one of the board members receives a 30-question questionnaire - 28 multiple-choice and two discursive - sent by the Governance Secretariat. Under this approach, perceptions on business strategy and corporate risks, dynamics of the Board of Directors and Participation of Board Members, as well as Individual Performance, are evaluated. In 2021, we have incorporated ESG (Environment, Social Responsibility and Corporate Governance) aspects into the survey questionnaire. The results are disclosed in the Reference Form, available for access on our Investor Relations website.

Another practice which we have adopted is to submit to the Board of Directors an evaluation of the director-president, with the objective of helping determine annual remuneration. This routine is undertaken with the support and oversight of the Committee on Remuneration, Corporate Governance, and Human Resources.

## REMUNERATION

The members of the Board of Directors are compensated in a proportional manner to the duties and responsibilities that they perform, as well as their time dedication. The amounts are not based on attendance or participation in meetings, nor are they tied to short-term results.

A salary survey is carried out every two years, at the most, to determine the composition of the Managers' compensation, in which the competitiveness of the elements proposed is compared to what is practiced by peer companies: in the food segment, national, publicly traded, and operating abroad. The calculation also takes into account the evaluation of the functions undertaken, as well as individual performance. The short-term variable portion, and the long-term incentive, in turn, are contingent upon the achievement of internal goals, including financial ones, and the Company's performance. Several indicators are considered in the calculation of the variable portion, depending on the characteristics of the position. Among them, goals related to performance in ESG aspects have been introduced for 2021.



## POLICIES

Eight policies set the tone for our practices and procedures when it comes to Corporate Governance. The full text of documents related to this theme can be found on our Investor Relations website.

- ⦿ Disclosure Policy
- ⦿ Negotiation Policy
- ⦿ Policy on the Allocation of Results and Distribution of Dividends
- ⦿ Management Compensation Policy
- ⦿ Market Risk Management Policy
- ⦿ Policy on Related Parties Transactions and Conflicts of Interests Situations
- ⦿ Stocks Option Plan
- ⦿ Extra-Audit Services Contracting Policy

## CAPITAL MARKETS

The shares issued by Marfrig are traded under the ticker MRFG3, on B3's Novo Mercado, a listing segment that brings together companies that are committed to adopting differentiated Corporate Governance rules. At

the close of 2021, these shares were priced at R\$22.07/ share, representing a 52.1% appreciation in relation to the close of 2020, in contrast to the Ibovespa, B3's main index, which fell by 11.8% in the period. During the year, the average daily financial trading volume came to approximately R\$ 170.9 million. In addition to Brazil, the shares are also traded in the United States, as American Depositary Receipts (ADRs) Level 1, on the over the counter (OTC) market.

Based on the liquidity and appreciation of our shares in 2021, we became integrated in the Mid Large Cap Index (MLCX), which is the indicator that represents the group of companies with the highest capitalization at B3. Consequently, we ended the year with our shares integrating the portfolios of 14 B3 indexes. Among them, the ISE – Corporate Sustainability Index, which comprises shares of companies committed to good practices related to this theme –, and the ICO2, Carbon Neutral Index, whose portfolio is made up of shares of companies engaged in minimizing GHG emissions from their operations.

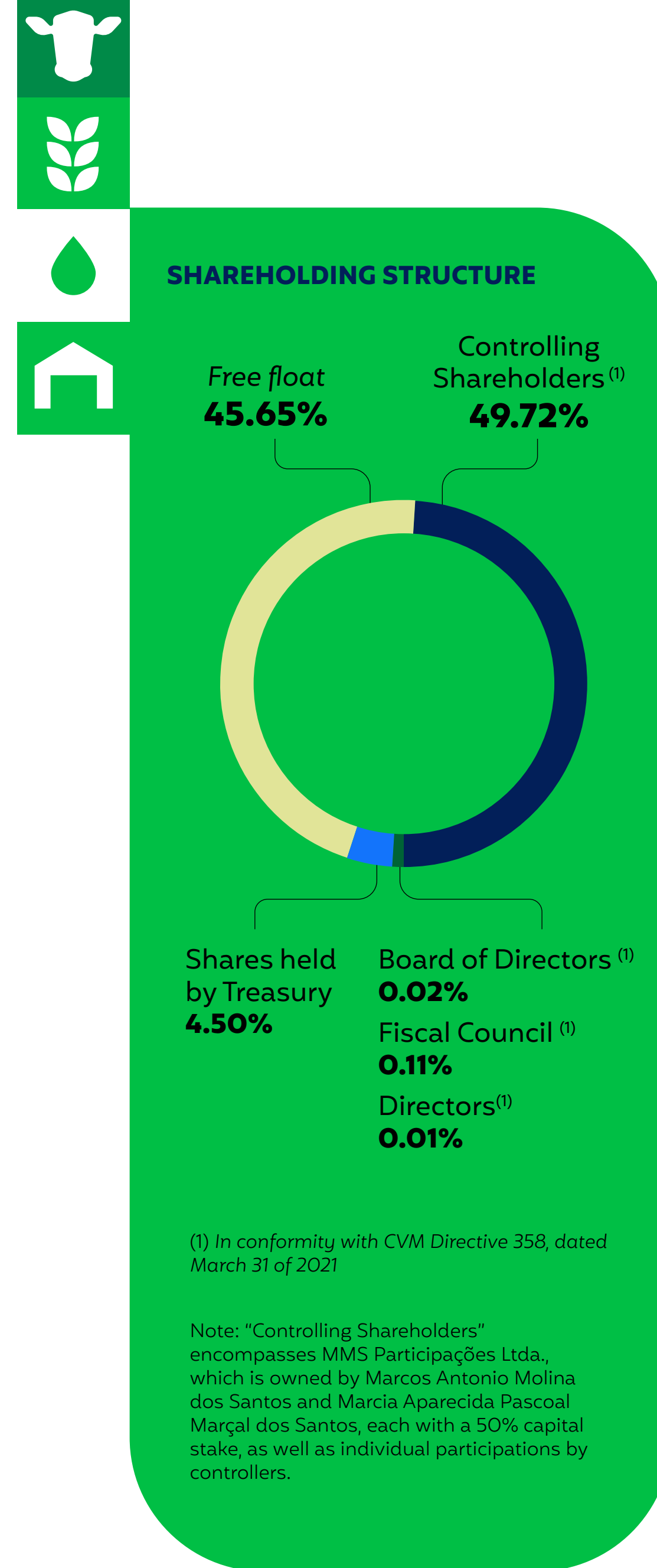
**IBOVESPA B3 IBRA B3 IBXL B3 IBXX B3**

**MLCX B3 ITAG B3 IGC-NM B3 IGCT B3 INDX B3**

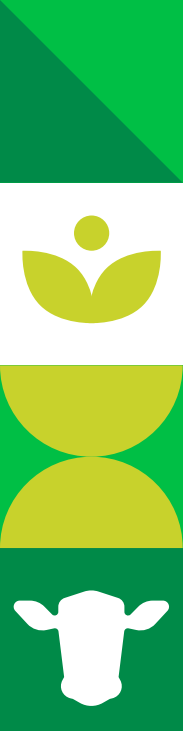
**ICON B3 IGCX B3 IVBX B3 ICO2 B3 ISE B3**

# R\$ 170.9 MILLION

AVERAGE TRADED DAILY FINANCIAL VOLUME, IN THE YEAR



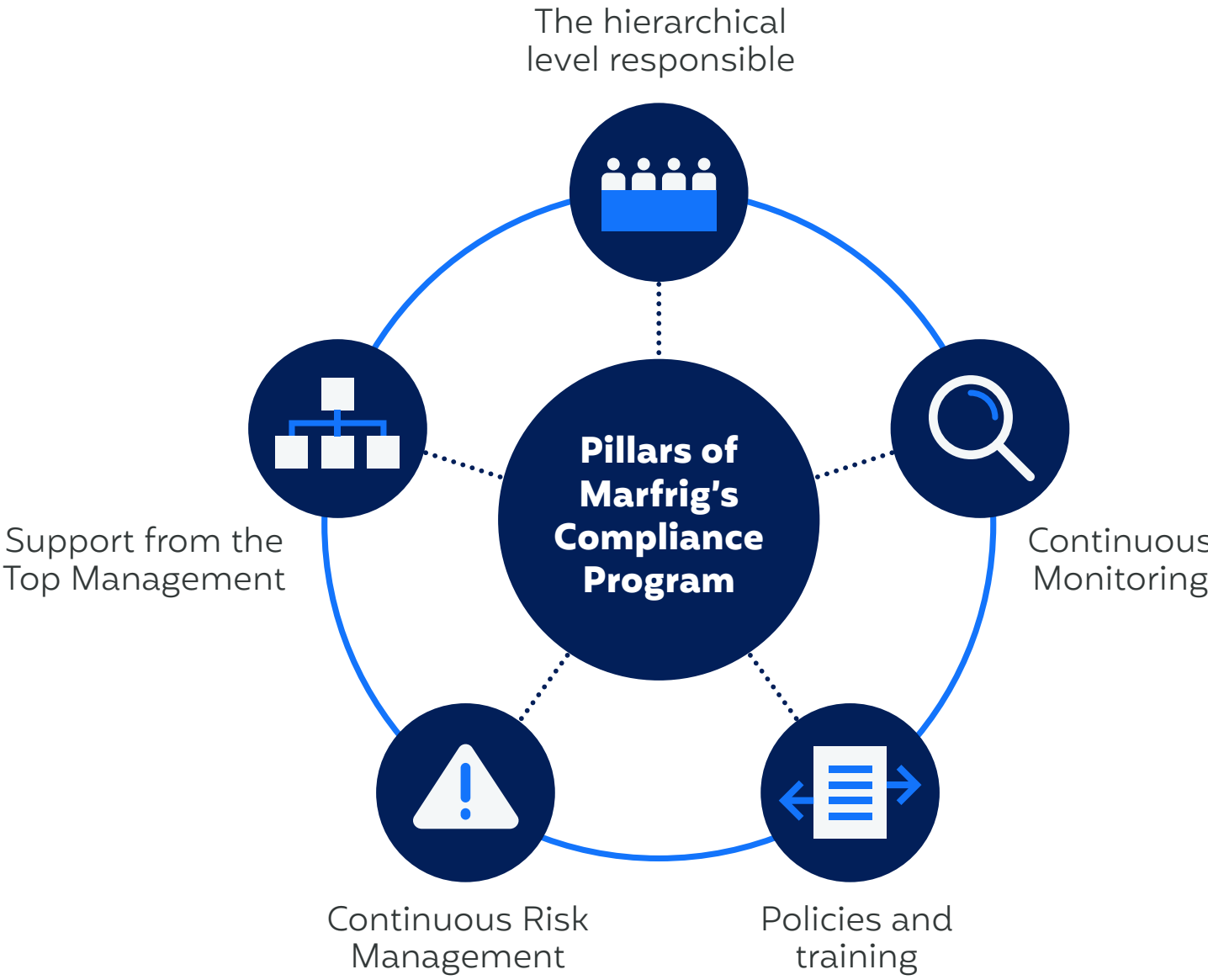




# ETHICS AND COMPLIANCE

[GRI 102-11]

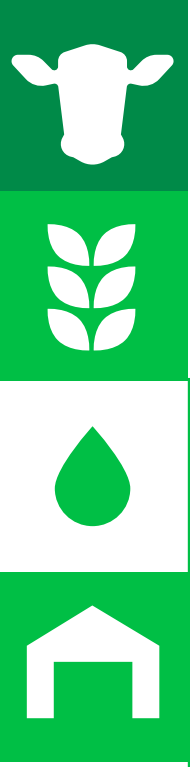
Integrity is the cornerstone of our actions and relationships. We have developed a series of initiatives, all of which are gathered in our Compliance Program, aimed at disseminating the values and guidelines for ethical conduct, which we expect our employees to comply with in the performance of their duties - including their interaction with a wide range of stakeholders. This program, which is based on five pillars, in effect since 2015, has been enhanced year after year. In 2021, the main advances were achieved in the pillars "Policies and Training" and "Continuous Monitoring".



The "Policies and Training" pillar includes documents that lay down the guidelines to be followed by our global operations, regarding several issues dealt with by Compliance, such as Conflicts of Interest, Donations and Sponsorships and Anti-Corruption. Altogether, we rely on ten Compliance policies, whose full versions may be found on our Investor Relations website.

Other initiatives developed in 2021:

- 🕒 **The Week of Integrity.** This initiative focuses on internal communication and training on Compliance-related issues. This agenda, resumed in 2021 after being suspended the previous year due to the Covid-19 pandemic, consisted of a set of employee awareness initiatives, over the course of two weeks, held at the offices and in all operating units in South America, and covered 100% of all employees. Under the motto "If you have respect, you have integrity", the 2021 edition tackled issues related to moral harassment.
- 🕒 **Annual Cycle of Compliance Training.** Prepared on the base of the Compliance Policy Package, it covers issues related to this matter, including, for example, harassment, fighting corruption and respect for Human Rights, as expressed in our Code of Conduct, by prohibiting practices such as child and forced labor, among other issues. In addition to the training courses intended to the



## CODE OF ETHICS AND CONDUCT

This set of documents comprises the Code of Ethics and Conduct, adopted since 2009. Currently, in its fourth edition, it was submitted for a review in 2021, which was approved by the Board of Directors. The issues addressed in the text include our stance on diversity and inclusion, harassment, in addition to child and forced labor. The latest version of the code is available on our website. The other policies also go through annual review cycles, aimed at keeping them aligned with the best market practices.



employees – whose participation is mandatory, including executive officers and leaders – the Compliance area has also been developing training programs geared toward our suppliers. **[GRI 205-2]**

**+21,000 employees in South America** have taken part in Compliance training courses, held in both on-site and online formats:

- ⦿ **Administrative:** +4,000 employees in the South America, who perform administrative duties, with access to a computer and e-mail, have attended the training program on an e-learning platform.
- ⦿ **Operational:** +17,000 production line employees have taken part in the Compliance training program. In an effort to mitigate the risk of Covid-19 contamination, we replaced the on-site training model, for teams, through the distribution of a printed primer, in both Portuguese and Spanish versions, a format that we introduced in 2020 and have maintained in 2021. In this material, we disseminate, in a didactic way, the directives set forth by our Compliance.

#### TRAINING ON COMPLIANCE TOPICS

Total of Participants

	Argentina	Brazil	Chile	Uruguay
On-line	493	3,543	68	325
On-site	1,517	12,735	61	3,147
<b>Total</b>	<b>2,010</b>	<b>16,278</b>	<b>129</b>	<b>3,472</b>

- ⦿ We proceeded with a specific training based on Compliance, targeted at a few areas, a format that we adopted in 2020 and have maintained in 2021, in response to the success of the initiative. Thus, we have developed and implemented specific content in the form of training, over the past period, for the teams of Procurement, Cattle Purchasing, Sustainability and External Markets. The program also covered the Compliance risks to which each of these activities is exposed.

In addition to **Policies and Training**, four other pillars underpin our Compliance Program:

**Responsible body:** Management of this issue is conducted by the Compliance Division. It reports to the vice-president for legal affairs. The structure also has an Ethics and Compliance Committee, which reports to the Executive Board. Made up of representatives from the areas of Human Resources, Legal and Operations – in addition to Compliance itself – the Committee convenes on a regular basis to monitor ethics and conduct issues, as well as to ensure the effectiveness of actions to disseminate the Code that deals with these issues, the reporting channel and the Compliance Program, among other related matters.

**Support from Top Management:** the Compliance Division relies on the unrestricted support of Top Management for all actions, an essential prerequisite for the effective implementation of the Program. An example of this is the frequent accountability reported to the Board of Directors, by the Compliance Officer, of the progress achieved under

the Compliance Program, and the results of the different initiatives undertaken.

**Continuous risk management:** conducted on the basis of a Compliance Risk Matrix, which is reviewed on a regular basis, risk management provides the basis for proposing mitigating measures, in addition to strengthening prevention mechanisms.

**Continuous Monitoring:** mechanisms for monitoring actions and performance indicators, adopted by the Compliance area, aimed at identifying misconduct or behavioral deviations. An example of this is the channel made available on different platforms (e-mail, 0800 and website) to report behavior that is not consistent with the principles disseminated by the Code of Ethics and Conduct, among other policies related to this matter.

#### CODE OF ETHICS AND CONDUCT FOR THIRD PARTIES

We also strive to disseminate ethics and integrity guidelines to our value chain. In this regard, we have adopted the **Code of Ethics and Conduct for Third Parties**, one of the ten policies covered by the Compliance Program. Launched in 2020 and reviewed in 2021 – with the new version also approved by the Board of Directors – this document compiles the values we uphold, alongside the guidelines to be followed in the business relationships formed with us. All our suppliers and service providers, including Marfrig Global Foods S.A., its subsidiaries and companies controlled and/or managed by it, are given a



copy of this code. For us, it is important not only that third parties are aware of its content, but also that they actually comply with the guidelines, so as to strengthen the culture of integrity in our business relationships. The current version of the code may be found on our website, under the "Compliance" tab.

In 2021, we introduced the **Third-Party Compliance Questionnaire**, aimed at further engaging our partners in the adoption of good Compliance practices. In the pre-registration stage, all suppliers and service providers who wish to join our company must fill it out. In a self-reporting format, companies provide us with information about their respective Compliance programs, covering issues such as prohibition of child or slavery-like labor, anti-corruption practices, adoption of complaint channels, history of environmental crimes, business with public authorities, among other information. This information is now used by the Procurement area, for the parameterization and management of third parties.

In addition, we perform a daily routine for **monitoring international clients**. By means of a technological tool, a thorough search of the list of our clients abroad is conducted from Brazil. This routine aims to check whether the companies with which we maintain relations have been the target of sanctioning measures related to money laundering, corruption, weapons trafficking, among others. The inspection, conducted by the Foreign Trade area, after specific training with the Compliance area, covers the main sanctioning lists in the world and captures negative

media, and indicates politically exposed individuals. For this process, we use the BNC (Batchnamecheck) tool, from LexisNexis, widely acknowledged in the market.

### HELPLINE

Our employees, partners and outsourced personnel rely on **exclusive platforms** for reporting practices or incidents that do not correspond to the principles laid down by the standards and policies of our Compliance Program, or by the legislation in force. All of our operations provide reporting channels, which can be accessed either by telephone, e-mail, or through our companies' websites.

These channels, managed internally, are made available in three languages (Portuguese, English and Spanish). Complaints can be filed anonymously or identified, and the complainant's identification of name and e-mail address is optional. There are also clear guidelines informing the complainant which identification boxes are optional.

**Governance.** The Compliance area, in Brazil, maintains a monthly agenda of meetings with representatives from peer areas, from the other countries in which we operate, and monitors the information received by the Reporting Channel. Based on this follow-up, the Compliance area draws up strategies to develop actions geared toward the issues that arise through the Reporting Channel indicators, including training.

**Training and Disclosure.** The Reporting Channel is widely

disclosed by means of communication actions and training, which are measures that aim to add even further legitimacy and reliability to its use.

All of our units feature a fixed display, through which we provide all employees with three options for accessing the Channel (website, telephone, and e-mail). The displays are positioned in busy areas, such as changing rooms, cafeterias and bulletin boards. The Week of Integrity and the Annual Training Cycle also promote the intensive dissemination of the Channel's contact information. For 2022, training sessions have also been planned targeting suppliers. With regard to promoting the Channel to suppliers, there is a contractual clause that expressly refers to it in all agreements executed with third parties.

**Monitoring of effectiveness:** We encourage all our employees to access and report any non-conformities, through a number of campaigns and massive dissemination of the channel. We believe that, through these frequent actions, we are contributing to the construction of an environment of trust, in which our employees feel comfortable and safe to use the channel. At the same time, the indicators derived from the whistleblowing channel, related, for example, to the nature of the complaints, area involved, and region, enable the Compliance area to direct and structure its actions, in order to assertively respond to and address the occurrences recorded. A survey is planned for the second half of 2022, aimed at assessing the general satisfaction of employees in relation to the channel.



GRIEVANCES IN 2021

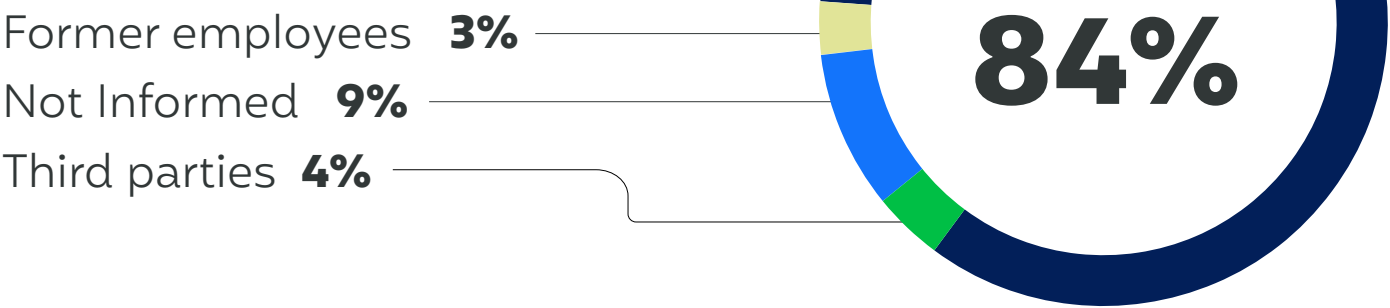
In 2021, for the purpose of capturing even more value from the information reported by the Channel, we increased the number of classifications for complaints from nine to 21. Thus, the reports can be classified as: 1. Moral harassment; 2. Sexual harassment; 3. Discrimination; 4. Corporate fraud; 5. Corruption; 6. Competition; 7. Incidents; 8. Doubts and clarifications; 9. Suggestions; 10. Health and Safety; 11. Embezzlement of Inputs and Products; 12. Theft; 13. Conflict of Interests; 14. Gifts and Presents; 15. Physical Violence; 16. Environment; 17. Drug dealing; 18. Disclosure of confidential information; 19. Leakage of Personal Data; 20. Retaliation; and 21. Other.

In 2021, we registered 368 complaints in our reporting channels. In relation to the origin, 362 (98%) are from Brazil. With regard to the issues reported across categories, nearly 62% (228 complaints) are related to human rights. In 2021, there was no material operation that could be classified as a corruption risk, nor was there any public knowledge or confirmed case of corruption of any nature.[GRI 205-1; 205-3]

In Uruguay, the channel registered five entries, all by employees. Out of these accesses, three involved requests/questions, and two complaints related to moral harassment, which was the same issue addressed by the only complaint made by an employee, through the channel, in Argentina. The complaint channels in Chile did not register any hits in the period.

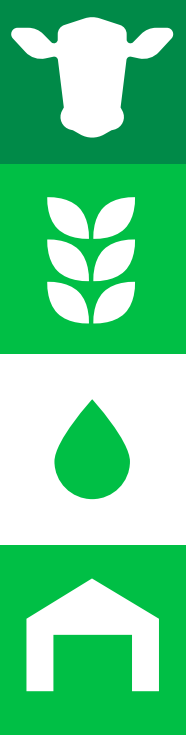
362 REPORTED GRIEVANCES ON THE REPORTING CHANNEL IN SOUTH AMERICA

USER PROFILE



ISSUES REPORTED

Moral harassment	57%
Sexual harassment	2%
Corruption	0%
Corporate fraud	6%
Conflict of interests	1%
Discrimination	3%
Environment	0%
Physical violence	0%
Health and Safety	3%
Request / questioning	21%
Suggestions	6%
Other	0%
Competitive nature	1%



REPORTING CHANNEL

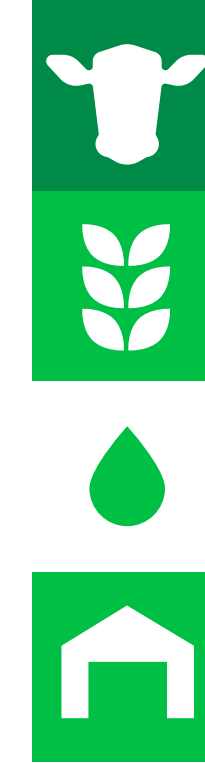
**Argentina**  
Telephone: 0800 555 0019  
E-mail: [etica@marfrig.com](mailto:etica@marfrig.com)  
Website: <https://marfrig.com.br/es/compliance/helpline>

**Brazil**  
Telephone: 0800 223 1000  
E-mail: [compliance@marfrig.com.br](mailto:compliance@marfrig.com.br)  
Website: <https://marfrig.com.br/pt/compliance/helpline>

**Chile**  
Telephone: +562 2413 2406  
E-mail: [etica.cl@marfrig.com](mailto:etica.cl@marfrig.com)  
Website: <https://marfrig.com.br/es/compliance/helpline>

**Uruguay**  
Telephone: 4632 3641 int.2232  
E-mail: [cometica.uruguay@marfrig.com](mailto:cometica.uruguay@marfrig.com)  
Website: <https://marfrig.com.br/es/compliance/helpline>





## CORPORATE REPRESENTATION

We are members, through the operations in Brazil, of the International Chamber of Commerce (ICC), an organization with headquarters in France, aimed at promoting and providing advice to international trade and globalization, in accordance with the principles of free competition that we advocate. Among the many issues addressed by the ICC are commercial arbitrations and the fight against corruption. At ICC, we are members of the Integrity and Corporate Responsibility Commission, aimed at contributing to the consolidation of Compliance policies in the private sector, and at restoring the country's international credibility. For further information, please visit <https://iccwbo.org/>.

We are also signatories to the Private Sector Commitment to Integrity in the Production Chain, a movement approved by our Board of Directors. In line with the principles of this commitment, and with our efforts to foster a broad integrity system, disseminating the best Compliance practices in our production chain, we require the same standard of integrity from all who participate in it, as we do for our direct employees. We are also associated with the Ethos Institute of Business and Social Responsibility, an organization geared toward disseminating good practices related to these topics within the private sector. Within the scope of Ethos, we are signatories to the Corporate Pact for Integrity and Against Corruption, aimed at fostering a market with more integrity and ethics, while eradicating bribery and corruption. For more information, please visit <https://www.ethos.org.br/>.

The good practices that we have adopted, as regards competition issues, have made it possible that, in 2021, no lawsuits were filed, pending or finished, concerning unfair competition, monopoly practices, and anti-trust actions.

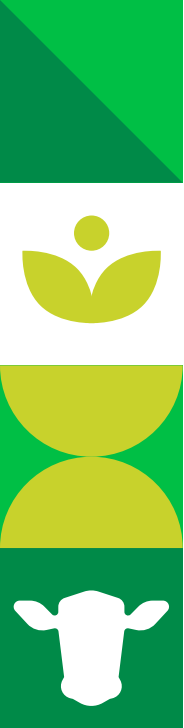
[GRI 206-1]



## ACKNOWLEDGMENT – “MAIS INTEGRIDADE” (MORE INTEGRITY) SEAL

We were awarded the Mais Integridade (More Integrity) Seal by the Ministry of Agriculture, Livestock and Food Supply (MAPA), the main regulatory body for the sector in Brazil. Such initiative acknowledges and rewards companies operating in the Brazilian agribusiness sector, which perform good practices in terms of integrity, ethics, social responsibility and sustainability. This recognition is achieved by proving, through evidence, compliance with the requirements established by the Ministry, divided into three major topics: Anti-corruption, Labor and Sustainability. Throughout 2021, indicators and documents were evaluated with regard to the functionality of the Reporting Channel, the involvement of Top Management with Compliance, the training programs offered to employees, reporting on ethics and conduct, and the absence of any mention of Marfrig's name on lists that indicate restrictions against companies.





## CORPORATE RISK MANAGEMENT

The risks to which we are naturally exposed are managed on two action fronts:

**Risks related to our own policies, which we seek to protect:** this covers aspects considered significant to our business dealings and which can be mitigated by internal policies as approved by the Board of Directors. This category includes the following themes related to such policies:

- Transactions with parties related to situations involving conflicts of interest.
- Foreign exchange fluctuations, alterations in interest rates, variations in commodities prices and liquidity levels.

The specific risks covered by these policies are detailed in item 5.2 of the Reference Form available on our Investor Relations website (<http://ri.marfrig.com.br>).

**Risks accepted and monitored:** under this rubric come risks which are less material or which are not subject to our direct control, making it more difficult to posit and manage effective policies. Examples of this include situations involving commercial restrictions or surtaxes put in place by other countries which import our goods, new competitors in the marketplace, unexpected shifts in legislation, and sudden economic crises as well as regulatory changes, alterations in market conditions and in the overall economic climate. Although we may not have policies formulated for such cases, we do have routines for monitoring them and for mounting case-by-case analyses as a way to minimize the impact of such risks on our operations. These can be reviewed in item 4.1 on the Reference Form available via our Investor Relations website.



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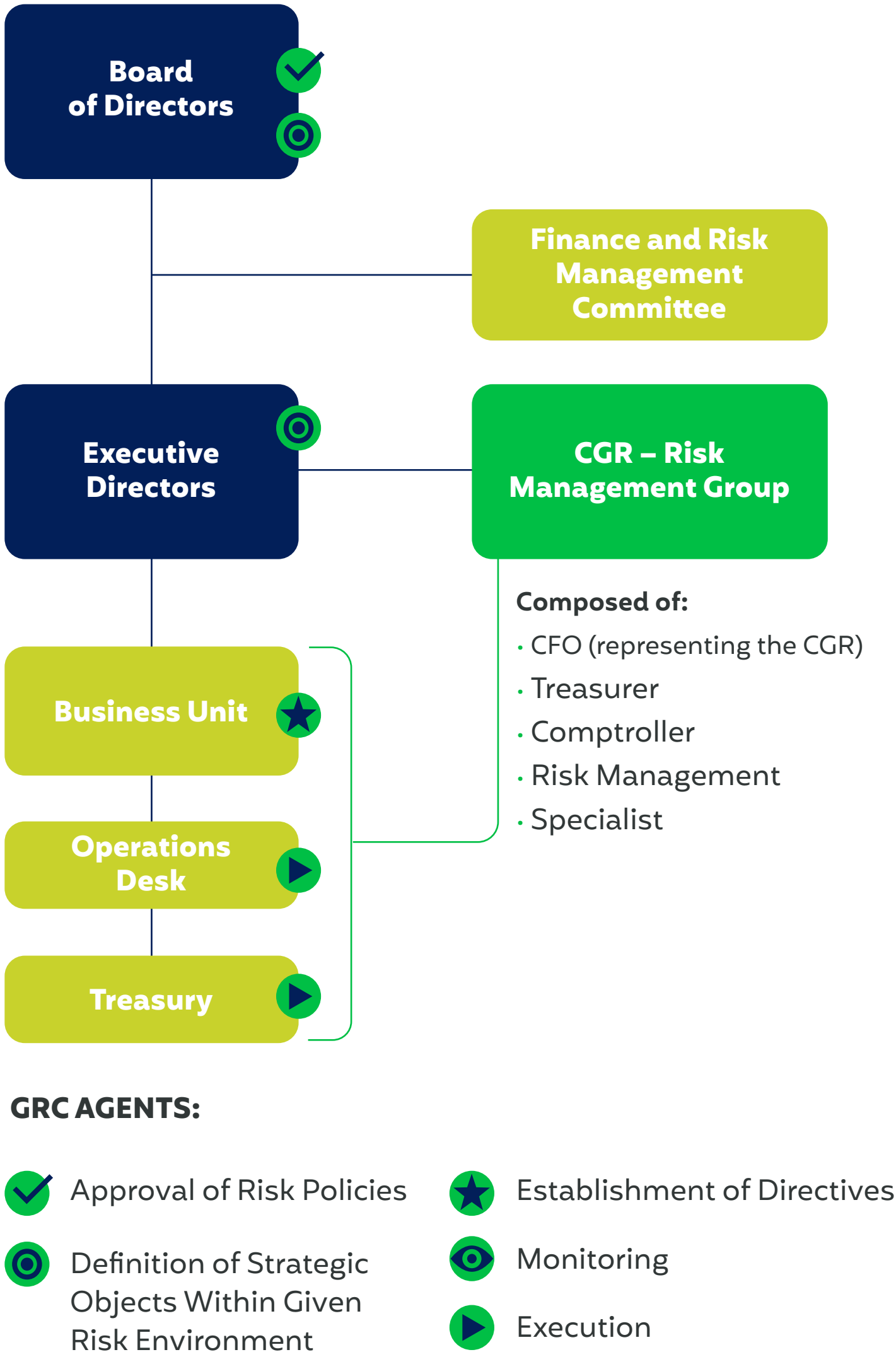


RISK MANAGEMENT STRUCTURE

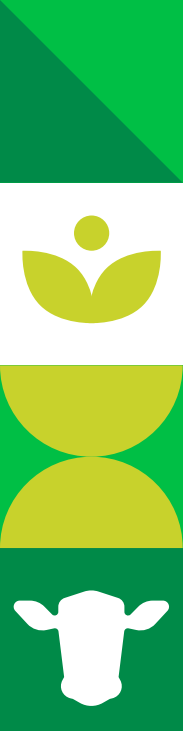
We rely on the engagement of Top Management and several other areas to assess, monitor, and to control the risks to which our business is exposed, both when it comes to decision-making on the subject and in support to the business units, to which is assigned the responsibility of managing the risks inherent to the activities they perform.

- 🕒 **Board of Directors:** It determines the strategic goals regarding the risk environment and approves the policies related to the matter. It relies on the Financial and Risk Management Committee to assist it in these activities.
- 🕒 **Statutory Management:** It provides support to the Board of Directors in establishing the strategic goals related to risk environments, as well as monitors the implementation of the outlined directives, while reporting the results to the Board.
- 🕒 **Risk Management Team (RMT):** It assists the Executive Board in strategic decision-making as regards the risk environments, in compliance with the legislation, ethics and internal controls, while supervising the implementation of the established guidelines. It is made up of the financial officers of Operations, Treasury and Controlling, plus an expert in Risk Management.
- 🕒 **Business Units:** Structures in charge of risk management, which is conducted in accordance with

the aforementioned policies and internal procedures. The compliance of controls to these documents and processes is carried out by the internal auditors. The effectiveness of internal controls is evaluated by independent auditors. Whenever required, market specialists and consultants may also be hired, to provide assistance to the business units in the management of these matters.







## QUALITY MANAGEMENT

[GRI 103-2; 103-3; 416-1]

Food quality and safety are fundamental when it comes to the permanence and sustainability of our business. We have developed teams that are trained and dedicated to carrying out routines and practices aimed at ensuring the highest possible standards of quality and food safety throughout our operations, based on guidelines developed by the top international authorities in the field as well as the demands of our consumer markets.

Among the procedures we have adopted to benchmark our operational efficiency and performance in these areas are **audits and certifications**. These verify that our production procedures follow well-defined criteria; in addition, they seek to ensure that our products meet high technical and market standards. In 2021, for example, we obtained the maximum score in 84% of our Brazilian operations in audits conducted under the BRCS, an international protocol designed to harmonize food safety standards throughout the supply chain, and HACCP (Hazard Analysis System and Critical Control Points). The certificates were sent to 132 clients from different countries. We also answered questionnaires about food safety and quality practices sent in by 79 clients. Also noteworthy are the 15 certifications obtained by our units in relation to their exports to various countries.

When it comes to quality management, we adopt the same stance as on other fronts: i.e., to engage the entire

value chain on the basis of best practices. For example, all of our input suppliers who do not have GFSI (Global Food Safety Initiative) Certification and Social and Environmental Protocols Certifications or Audit Reports are audited in loco or through appropriate documentation in accordance with their risk classification and performance history. Through this approach, we encourage our input suppliers to become certified, a procedure which speeds up evaluation and approval stages while lending ever greater transparency and reliability to the overall process.

### INTEGRATED MANAGEMENT SYSTEM

In carrying out food quality and safety measures in our operations, the main guidelines we follow come from the Integrated Management System (IMS), an approach that seeks to continuously improve procedures with a view toward not only food quality but also environmental, health, safety, occupational, and social responsibility criteria. Through IMS, we also seek to promote exchanges and synergies among different sectors of our global operations. Toward that end, we have adopted a number of practices to help manage quality; among these are:

- Preparatory Programs such as our Standard Procedure for Operational Pre-Hygiene, Operational Sanitary Procedure, Water Supply Plan, Pest Control Plan, Tracing Program, Foreign Bodies Control Plan, Recall Plan, and others.
- The APPCC (Analysis of Critical Control Points and Hazards) Program.

- Micro-biological analyses of animal carcasses, swabs of surfaces in contact with foodstuffs and analyses of air in the environment.
- Our own laboratories, accredited under ISO 17.025, for evaluation of products.
- Tracing of our entire supply chain from receipt of animals, ingredients and raw materials to shipment of final products.

We have also adopted the **SMETA Protocol**, one of the most commonly used auditing formats in the world; the protocol is based on the ETI (Ethical Trading Initiative) Code of Conduct in relation to health and safety, working condition norms, the environment, and fair business practices. The certification includes best practices along with other benchmarks such as the OHSAS 18000, covering health and occupational safety norms, and the SA 8000, covering social responsibility. Audits based on this protocol are undertaken annually at our units and are conducted by third parties, with certification issued via Intertek.

As part of routine auditing, in addition to issues such as environment, health, work safety, and business ethics, we also review diversity and inclusion, harassment and intimidation, child labor, forced labor, and fair wages. We are members of SEDEX, an interactive platform for the sharing of data on responsible sourcing; we report data obtained from the platform as part of routine auditing. In

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2021, as a consequence of the practices we have adopted, there were no cases of non-compliance with voluntary codes, no fines, sanctions, or warnings related to any impact that our products may have had on the health of consumers. **[GRI 416-2]**

## CONTROLS AND PROCEDURES

Various factors influence the quality of our products. As a form of preventative action, we control our processes via internal and external audits, even including work teams, covering issues such as absenteeism, turnover, and training. Some of the practices we employ to measure quality are these:

### 1) QUALITY INDICATORS:

**Complaints and returns:** one of the main thermometers for the measurement of operational quality. We are able to automatically generate indicators and graphs with each incident involving a product return.

**Management of official non-compliance:** an indicator that measures compliance with deadlines, along with the efficacy and efficiency of measures adopted in the area of quality control. In addition to reducing recidivism and non-compliance with norms related to food safety procedures, the indicator has the objective of contributing to the continuous improvement of best practices.

**Food Safety Auditing:** every two weeks, our units are

audited by a federal agency, an internal group, or a third party. We are also audited by entities from other countries, either online or in person. Routine auditing activities related to our operations include:

- Argentina: all units annually receive external certification in accordance with the BRC (British Retail Consortium) standard, a global norm that aims to assure the safety of both food products and packaging throughout the value chain, from suppliers to retailers. In addition, units undergo four internal production plant audits every year. External audits by clients also occur frequently.
- Brazil: monitoring is conducted via the Quality Guarantee Team. Our operations are also evaluated, in country, by the Ministry of Agriculture, Fishing and Food Supplies (MAPA) through the Federal Inspection Service (SIF). In addition, our units are audited by our clients and certified via norms such as the BRC and the HACCP.
- Chile: approximately seven internal audits and security checks per year by clients and competent entities.
- Uruguay: plants are submitted to ten audits per year in addition to monthly health inspections by the Ministry of Cattle Breeding, Agriculture, and Fishing (MGAP).
- United States: National Beef units possess a proprietary system for the management of audits. The system goes beyond bovine protein industry standards: the Beef® Biologic® system, which introduces “clean room”

mentality into all operations. The system encompasses every stage from employee training to control of pathogens and micro-organisms within working environments and is based on continuous monitoring of operations.

## 2) LABORATORIES

As another part of our quality control system, we maintain five of our own laboratories in Brazil. They are all accredited by ISO 17.025 and are located in regions strategic for our operations: Tangará da Serra (MT), Várzea Grande (MT), Promissão (SP), and Pampeano (RS), in addition to Chupinguaia (RO), inaugurated in 2021. We invested R\$554,000 in this latest addition. We carry out micro-biological and physio-chemical analyses in all of the laboratories, thus insuring there is no contamination by pathogens. We also measure the level of pesticides while checking the overall composition of food products with a view toward protein, fats and moisture levels.

In the United States, all of our plants undergo food safety assessments as required by the Food Safety and Inspection Service, an agency of the U.S. Department of Agriculture (USDA FSIS). Our plants have also adopted a set of requirements developed by the Corporate Technical Services Department. All inspection procedures are verified and audited by each unit’s own technical service inspectors and are also monitored by USDA FSIS inspection personnel.



### 3) TRACING

We are able to trace our entire production process, from the viewpoint of food quality and safety, from the acquisition of animals, raw materials, and ingredients, up to and including the shipment of finished products, a practice we first adopted in 2007. We do not buy cattle from ranches located in critical areas of the Amazon and Cerrado biomes; tracing helps us in this endeavor because it records the journey of each head of cattle, by managing together with suppliers, its entire trajectory through the value chain. It is possible, through tracing, to identify the ranches of origin for each head of cattle along with its feeding regime. Other data relevant to the production process is also recorded such as batch, and slaughter date, along with storage and transport information. Based on such information, we can act when problems arise and move to constantly improve our systems.

For consumers interested in the origins of our products, see our website under the "Sustainability" tab. There, find tracing information related to the origins of our meat products. Consumers can access the service through the information contained on product labels, including date and locale of production, data which will indicate place of origin. The service can be accessed here: <https://rastreabilidade.marfrig.com.br>

### 4) CERTIFICATIONS

Our units and operations are evaluated periodically by

independent inspectors in accordance with international norms and the client requirements of the foreign markets which import our products. Such routines, which demonstrate the excellence of our products, operations, and procedures, also cover issues such as social responsibility, health and safety, environmental protection, and quality control. We are always in search of the top score and never deliver results below A or AA.

Certification of our plants in different countries varies in accordance with the different characteristics of our operations and the demands of the market in which we are operating. In Uruguay, for example, the units themselves provide certification for items produced from organically bred beef. Other examples:

- 100% of our units – in Argentina, Brazil, Chile, Uruguay and the United States – are certified by the BRC (British Retail Consortium, a global authority on food safety), with a grade of A or AA.
- 100% of our units in Brazil and Uruguay possess HACCP certification, a quality benchmark related to hygiene and food safety.
- Two processing units in Brazil possess IFS certifications related to food safety norms recognized by the Global Food Safety Initiative (GFSI) through quality-control audits of procedures and final products.

The auditing and certification process includes various stages, starting with scheduling, in loco inspection, presentation and verification of business plans, and issuance of certificates. We guarantee that adherence to any collective action will be 100%: in 2021, all of our units received certification attesting to business plans which were filed within the pre-determined deadline of 24 days and which covered any and all compliance issues.





CERTIFICATION OF UNITS, BY COUNTRY

ARGENTINA	2021	Name of certified units
	Total of units certified	
BRC Global Standards	3	San Jorge, Villa Mercedes, Baradero
HACCP & GMP	1	Arroyo Seco
McDonald's Code of Conduct and McDonald's Standards	2	Pilar, San Jorge
McDonald's SQMS	2	Pilar, San Jorge
North American Meat Institute (NAMI)*	2	San Jorge, Villa Mercedes
Organic	1	Villa Mercedes
Angus Certification	1	Villa Mercedes
Quality Management under ISO Norm 9001:2015 through the Argentine Institute For Normalization And Certification (IRAM)	1	Pilar
Safety Management System under FSSC STANDARD 22000, through certification by UK'S Intertek	2	Pilar, Villa Mercedes
Internal Technical Norm AD 001/04:2009 "Beef Medallions 100% without preservatives" for the Arcos Dorados, certified by the IRAM	1	Pilar

BRAZIL	2021	Name of certified units
	Total of units certified	
BRC Global Standards	13	Promissão, Bataguassu, Mineiros, Tangará da Serra, Pontes e Lacerda, Várzea Grande – BEEF, Várzea Grande Industrializados, Chupinguaia, Alegrete, São Gabriel, Bagé, Pampeano, Itupeva PET.
HACP	13	Promissão, Bataguassu, Mineiros, Tangará da Serra, Pontes e Lacerda, Várzea Grande – BEEF, Várzea Grande Industrializados, Chupinguaia, Alegrete, São Gabriel, Bagé, Pampeano, Itupeva PET.
SMETA (Auditoria de Comercio Ético dos Membros SEDEX)	13	Promissão, Bataguassu, Mineiros, Tangará da Serra, Pontes e Lacerda, Várzea Grande – BEEF, Várzea Grande Industrializados, Ji-Paraná, Chupinguaia, Alegrete, São Gabriel, Bagé, Pampeano.
ISO 14001:2015	7	Promissão, Bataguassu, Mineiros, Tangará da Serra, Chupinguaia, São Gabriel, Pampeano
IFS FOOD (International Food Standard)	2	Promissão, Pampeano
Rainforest Alliance Certified TM	4	Promissão, Bataguassu, Tangará da Serra, Pampeano
McDonald's SWA (Supplier Workplace Accountability)	10	Promissão, Bataguassu, Mineiros, Tangará da Serra, Pontes e Lacerda, Várzea Grande – BEEF, Várzea Grande Industrializados, Alegrete, São Gabriel, Bagé
McDonald's SQMS (Supplier Quality Management System)	1	Várzea Grande Industrializados
McDonald's Global BSE Firewalls	9	Promissão, Bataguassu, Mineiros, Tangará da Serra, Pontes e Lacerda, Várzea Grande – BEEF, Alegrete, São Gabriel, Bagé
McDonald's AHW Beef Slaughter	9	Promissão, Bataguassu, Mineiros, Tangará da Serra, Pontes e Lacerda, Várzea Grande – BEEF, Alegrete, São Gabriel, Bagé
Burger King Global Supplier	8	Promissão, Bataguassu, Mineiros, Tangará da Serra, Chupinguaia, Alegrete, São Gabriel, Bagé
Halal Certified Beef	10	Promissão, Bataguassu, Mineiros, Tangará da Serra, Pontes e Lacerda, Várzea Grande – BEEF, Chupinguaia, Alegrete, São Gabriel, Bagé
North American Meat Institute (NAMI) *	10	Promissão, Bataguassu, Mineiros, Tangará da Serra, Pontes e Lacerda, Várzea Grande – BEEF, Chupinguaia, Alegrete, São Gabriel, Bagé
ICS (Initiative Clause Sociale)	3	Tangará, São Gabriel, Bagé
High Quality Beef Quota (UE)	8	Promissão, Bataguassu, Mineiros, Tangará da Serra, Pontes e Lacerda, Alegrete, São Gabriel, Bagé
COSTCO Code of Conduct	2	Promissão, Bataguassu
Food Manufacturing Standards	1	Pampeano
ISO/IEC 17025	4	Laboratório (Pampeano), Laboratório (Promissão), Laboratório (Tangará da Serra), Laboratório (Várzea Grande)



	2021	
	Total of units certified	Name of certified units
CHILE		
BRC Global Standards	1	Patagonia
Halal Certified Beef	1	Patagonia
Kosher Certified Beef	1	Patagonia

	2021	
	Total of units certified	Name of certified units
URUGUAY		
BRC Global Standards	5	Salto, Colônia, Fray Bentos, Tacuarembó, San José
HACCP	5	Salto, Colônia, Fray Bentos, Tacuarembó, San José
McDonald's Code of Conduct and McDonald's Standards	4	Salto, Colônia, Tacuarembó, San José
McDonald's SQMS	2	Tacuarembó, Colônia
Burguer King Global Supplier	4	Salto, Colônia, Tacuarembó, San José
Halal Certified Beef	4	Salto, Colônia, Tacuarembó, San José
North American Meat Institute (Nami)*	4	Salto, Colônia, Tacuarembó, San José



	2021	
	Total of units certified	Name of certified units
UNITED STATES		
BRC Global Standards	7	Liberal, Dodge City, Tama, Ohio, Kansas City Steak, Moultrie, Hummels Wharf
Global Standard Food Safety	4	Liberal, Dodge City, Tama, Ohio
Código de Conduta McDonald's e McDonald's Standards	4	Liberal, Dodge City, Tama, Ohio
McDonald's SQMS	4	Liberal, Dodge City, Tama, Ohio
COSTCO Code Of Conduct	4	Liberal, Dodge City, Ohio, Kansas City Steak
High Quality Beef Quota (Ue)	2	Dodge City, Tama
Halal Certified Beef	1	Tama
North American Meat Institute (NAMI)*	3	Liberal, Dodge City, Tama
Leather Working Group (LWG)	1	St Joseph
Certified Angus Beef – CHOICE	3	Liberal, Dodge City, Tama
Certified Angus Beef – PRIME	3	Liberal, Dodge City, Tama
Natural Certified Angus Beef	2	Liberal, Dodge City
National Beef Black Canion Beef	2	Liberal, Dodge City
National Beef Clack Canion Premium Reserve Angus Beef	2	Liberal, Dodge City
Certified Hereford	2	Liberal, Dodge City

\* Audits performed by a third party according to the NAMI protocol.



## RECALL SYSTEM

We maintain a recall system which is activated in cases where products demonstrate deviations from quality or safety standards. In such situations, a number of procedures come into play, from monitoring, evaluation, registration, and product maintenance to implementation, which may include recall notifications sent to customers in cases of significant food safety incidents or regulatory non-compliance; actions may also include product exchanges or reimbursement of purchase price.

In Brazil, we maintain a separate group dealing with exchanges and recalls, composed of representatives from the areas of production, sales, purchasing, quality control, and legal affairs. All members are trained to deal with any and all emergency situations involving our products and each is fully aware of his or her individual responsibilities in such cases. The group has been given the following responsibilities:

- ⦿ Execution of recall plan/company recall.
- ⦿ Provide for removal and restocking of inventory when products have been damaged.
- ⦿ Manage any and all corrections, complaints, or recall requests, including issues related to product replacement, labeling, or other aspects, with payment of costs for recalls and replacements.

- ⦿ Inform company employees and buyers of any collective actions undertaken by the company.
- ⦿ Coordinate actions with government agencies in accordance with appropriate legislation of importing countries.

Each operational unit maintains a list with the names and contact information of all the members of its exchange/recall group so that they can be mobilized at any time, 24 hours a day, seven days a week. All production-support documents and records (including manufacturing and tracing records, and results of analyses, among others) are maintained for at least 24 months after product-expiration dates to assure that any and all merchandise distributed in the market can be identified and examined whenever necessary.

Recall simulations are undertaken as a way of testing the efficacy of the plans we have developed in relation to this problem; the goal is to resolve the situation within four hours. The time it takes to remove a product from the shelves varies with geography and locale; the product is then retained by the client and thereafter sent to the appropriate destination.

Every returned product, upon receipt at the factory gate, must be reported to the appropriate service sector where it is then uploaded, identified, inspected, physically registered, and sent to a segregated location with restricted access for later disposal. A record of the operation is then

completed and filed. The disposal of such products is the full responsibility of the company which, under current regulations, provides for environmentally appropriate disposal. All records regarding the final destination of such products are turned over to appropriate authorities, together with a Final Collections Report, copies of which are kept by the company.

In Brazil and Uruguay no recalls at all were necessary in 2021; nor were any market bans/restrictions ordered in relation to food safety issues. In Argentina and Chile, there was one recall each during the year, but the actions were voluntary and did not involve any market restrictions.

Recall procedures in other countries in which we maintain operations can be accessed via our site, under the “Sustainability” tab.

## LABELING

[GRI 417-1; 417-2]

All of our products meet the different labeling requirements of the markets in which they are sold. In efforts to fully inform consumers about the composition of food products – a practice aimed at assuring quality and safety – all labels contain information such as denomination, net weight, nutrition table data, and manufacture and expiration dates. In addition, to make sure customers are aware of the origins of the raw materials and/or ingredients in meat products, tracing information is included in 100% of our merchandise. All labels also include ideal storage and



conservation temperatures as well as safe ways to handle the products and dispose of any residues.

In the United States, for example, 100% of all labels are verified by Corporate Technical Services to meet the labeling regulations of the Food Safety and Inspection Service, an agency of the U.S. Department of Agriculture. For products that are exported, this same department also checks to ensure that all labels meet any additional export labeling requirements, including listing of ingredients and components that might cause allergies, among other precautions. In 2021, there were no cases of non-compliance related to information and labeling, nor were there any cases of non-compliance related to information used in marketing. **[GRI 417-3]**



100%

OF THE ITEMS HAVE THE TRACEABILITY OF THE MEAT  
INFORMED ON PRODUCT LABELS



06

## PEOPLE

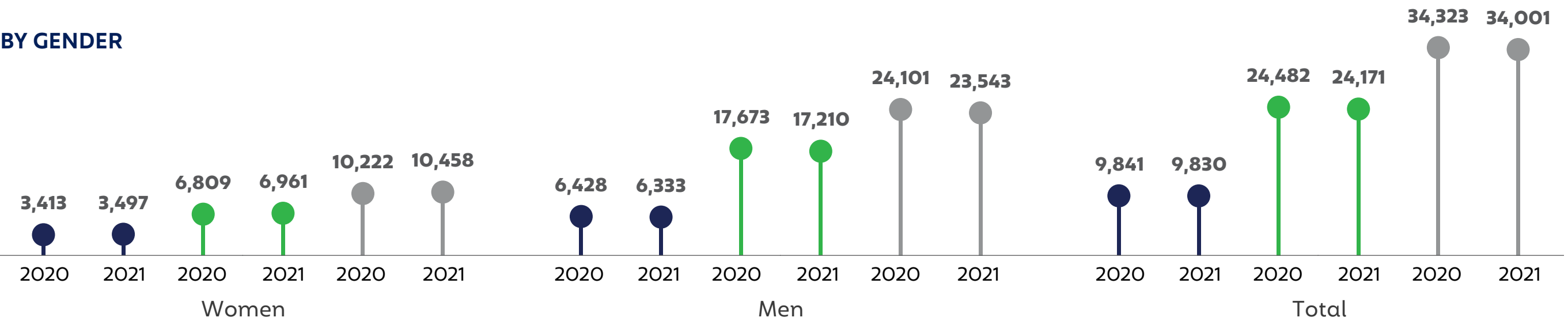




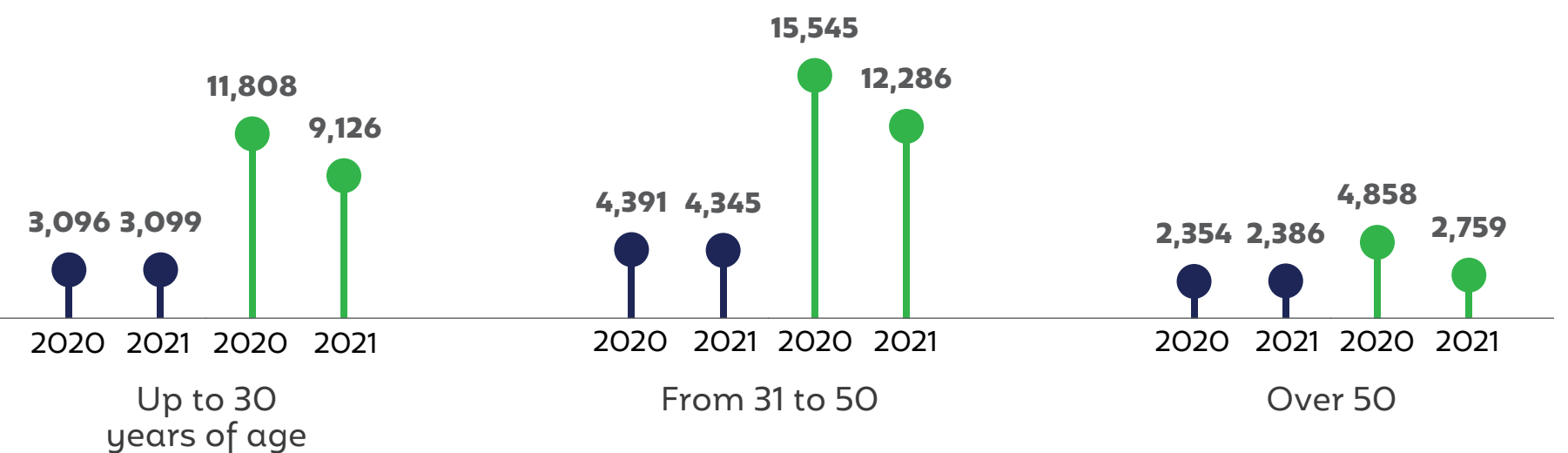
# 34,001 EMPLOYEES



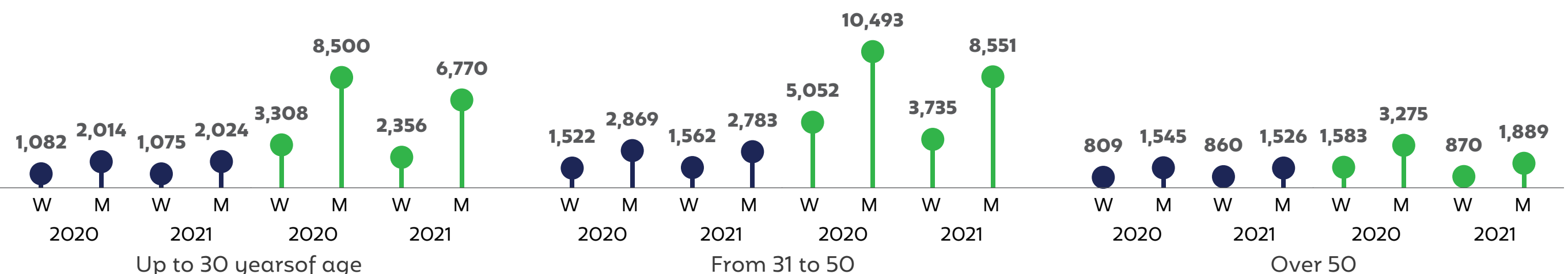
## BY GENDER



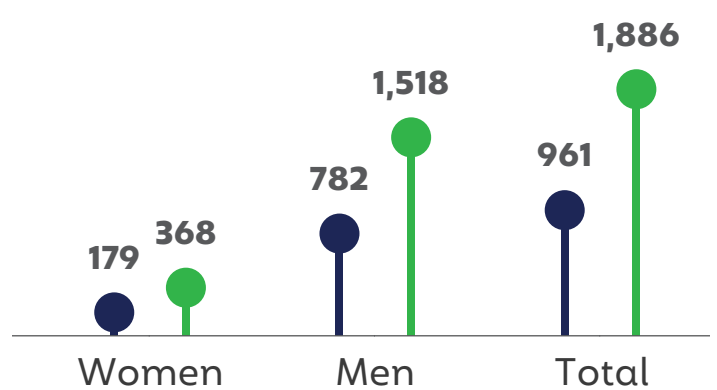
## BY AGE GROUP



## BY AGE GROUP AND GENDER



## EMPLOYEES IN LEADERSHIP POSITIONS



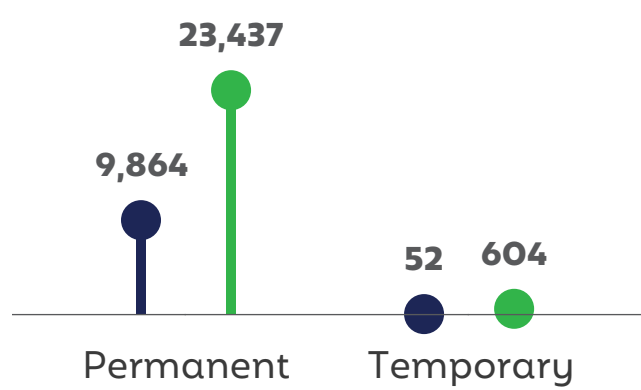
We have maintained the normal course of operations throughout 2021, even in the face of the persistence of the Covid-19 epidemic. Since we operate in the food-producing business, an essential activity for the population, our units operated uninterrupted, in which context we maintained the contingency plan adopted in the previous year, when we first confronted the pandemic.

The health and safety status of our employees continued to be our priority when it comes to people management, and in order to ensure these aspects, we have adopted actions and measures which are followed by all our units, across the different countries where we operate (further information on page 56).

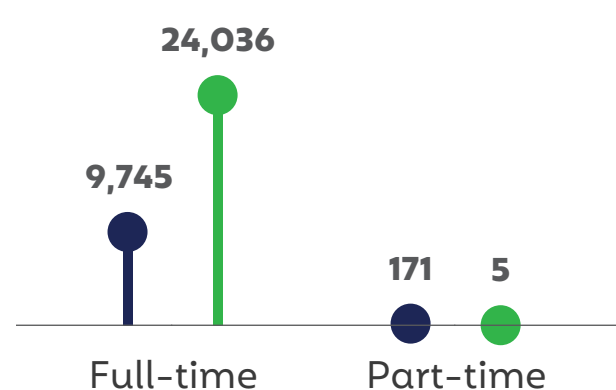
## NUMBER OF EMPLOYEES<sup>1</sup> [GRI 102-8]

We closed the year 2021 with 34,001 employees, distributed across our global operations, a figure that was maintained between the two periods. In comparison with the previous year, there was a reduction of only 1%.

## EMPLOYEES BY TYPE OF POSITION AND CONTRACT



## TOTAL NUMBER OF EMPLOYEES BY TYPE OF OCCUPATION



<sup>1</sup> All tables and charts presented in this topic are detailed, by country, in the Appendix to this material, starting on page 109.



The reduction in personnel occurred mainly in South America. Although we had an increase by 120 people in the team in Argentina, due to the completion of the process of acquisition of the company Campo del Tesoro, in addition to more hirings in Uruguay, we had a reduction in personnel in Brazil, where all our employees are hired under an open-ended contract regime, and consequently, no temporary workers are hired. The downsizing of the staff resulted from the shut down of the Ji Paraná plant (Rondônia State), and the second deboning shift at the Bataguassu (Mato Grosso do Sul State) plant. We also had a reduction in the North American team, though to a lesser extent, a move that reflects our efforts to streamline production routines, as a result of investments in the modernization of the plants.

Out of the total number of employees in North America, 9.8% hold leadership positions, which include positions such as coordination, management, and directors, among others. In South America, in turn, leaders account for 7.8% of the teams. Men represent the majority of these positions, accounting for just over 80% on both platforms.

From the nearly 10,000 employees that we currently maintain in North America, just over 5,000 have been hired over the course of 2021. In South America, meanwhile, newcomers account for 28% of the overall number of employees. The majority are men, and young people up to the age of 30, of both genders, also account for a higher number. The swing between hirings and dismissals resulted, during the period, in a turnover rate of 28% in South America, and 50% in North America. **[GRI 401-1]**

### HIRING, DISMISSALS AND TURNOVER IN 2021

**[GRI 401-1]**

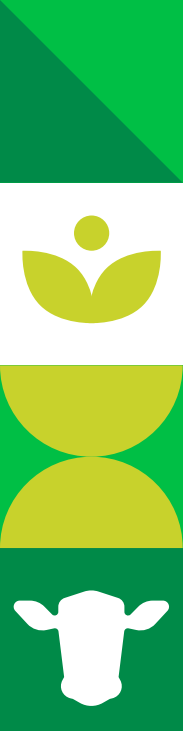
	Hirings	Dismissals	Turnover
North America	5,276	4,460	50%
South America	6,768	7,140	28%

Note: Refer to the appendix for a breakdown of the information presented, by country.

In North America, our workforce is made up of people of more than 32 nationalities. In order to accommodate this wide variety of cultures, we maintain partnerships with local educational institutions, which enable us to offer ESL (English as a Second Language) classes to such people. In Uruguay, we also offer language courses – English and Portuguese – to employees. Another common practice in the country is the severance package granted to retiring employees, whereby we grant a financial bonus to provide support to this new stage in life. **[GRI 404-2]**







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# HUMAN RESOURCES MANAGEMENT

We manage the areas of human resources, throughout our various operations, so as to provide support for professionals in their career progress, by means of good practices concerning the attraction, retention and development of talents. We also seek to promote and foster diversity within the workplace, in addition to promoting healthy and safe work environments. In this sense, we achieved important advances during the year, such as the reduction in the number of accidents, reflecting the constant improvement we seek in this matter, and the increase in initiatives aimed at training and qualification.

Another initiative of note during the year was the launch of the Trainee and Intern Program in Brazil. Over the course of 18 months, this program adopts a job rotation format: young people will act in their area of origin; preparing and presenting a project; evaluation of knowledge, performance, engagement, leadership potential, cultural ties and project; executive panel and ranking of the trainees. For this first edition, we have received more than 2,900 applicants for the Trainee Program, 24 of which have been selected. For the Intern Program, there were more than 3,300 applicants and 20 selected.

Among the various management practices undertaken during the year, the following stand out:

**Remuneration.** We seek to attract, motivate, reward with fair salaries, and retain employees who contribute to the success of our business. One of the tools we use, in this sense, are the compensation policies, which were created on the basis of the objectives and strategies previously determined, and driven by best practices and market trends. These policies include:

- **Salary:** we conduct periodic surveys in the locations where we operate, for the purpose of mapping best practices and market trends. Alongside these surveys, we monitor other indicators related to market growth on an annual basis, by means of economic indicators and consulting firms that specialize in this area.
- **Variable compensation programs:** created to reward employees for good results achieved during the year. These programs comprise financial targets (for teams or individuals), according to their target audience, which may include a profit sharing program (PSP), as established by collective bargaining agreement (local and corporate), a Leadership bonus, a variable remuneration program for the sales force, as well as long-term incentives. The PSP, regulated and settled by collective agreement, is intended to all employees, with the exception of leaders, positions that, from supervisors on, are eligible for bonuses, and have their targets set at the beginning of each fiscal year. In this program, the individual performance can boost the award. The sales

force, in turn, counts on monthly or quarterly programs, and their goals are established according to the marketing strategy for each business.

- **Benefits:** in line with laws, regulations, and best practices adopted in each country where we operate.

**Flexible formats.** At National Beef, we have created part-time work positions at most of our plants. Through this flexible work schedule, we seek to promote alternatives, so that our employees can better balance their professional and personal lives. We have also created a time-off policy in the beef processing units, so that employees can have additional breaks, according to their attendance. We have also adopted an early vacation policy and prior communication of work schedules, which allows employees to better plan their time off.

**Corporate Environment Survey.** National Beef carried out, in 2021, a survey on the corporate environment, which involved the participation of 87% of the employees. The survey covered several issues, from the roles played by the team leaders to salaries and benefits.

**Transition assistance programs.** In view of the shutdown of operations at the Ji-Paraná (RO) plant, in Brazil, we provided dismissed employees with the opportunity to attend courses granted by the S System, a set of institutions maintained by companies to offer training



initiatives and professional upgrading, in addition to other activities, such as those related to leisure. In Uruguay, we grant a severance package for retiring employees, whereby we provide a financial bonus to support them in the new stage of their lives. [GRI 404-2]

**Freedom of association and collective bargaining.** We recognize the right to freedom of association and collective bargaining. In Brazil, 100% of employees are covered by collective bargaining agreements. In Argentina, this share is 81.51%, and in Uruguay, 61%. In Chile, we have no employees with union membership, although employees are free to do so, according to the provisions of the Chilean legislation. In addition, there is support from labor protection entities for this type of association. [GRI 102-41]

🕒 **Brazil:** in all our operating units, our employees are assisted by Union Collective Bargaining Agreements, and there is, in the production units, the physical presence of union leaders. Along with other actions, the bulletin boards at all units are open, so that the unions have the space to post notices regarding our labor contracts, in addition to the general interests of the wide-ranging category. When requested by the base union, we include, in our Collective Instruments, clauses that guarantee the right to have a physical space (leisure area and other available structure), reserved on previously arranged days for membership campaigns to be carried out.

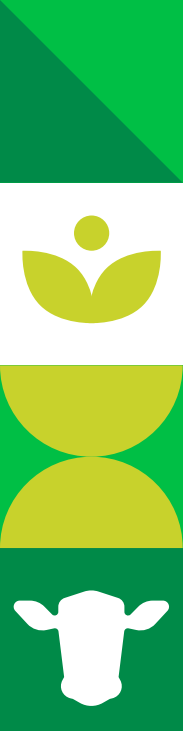
🕒 **Argentina:** In all our plants, there are internal commissions, made up of delegate representatives elected by the employees. These commissions are renewed according to the provisions laid down by the

labor legislation in force in the country. Furthermore, in one of our plants, we have representatives from two different unions simultaneously, a very unusual situation in the companies, but one that is supported by local legislation and supported by us. Our employees enjoy autonomy to join the associations and unions of their choice. We also provide the physical space and time required on election days for employees to participate. The organization of assemblies is allowed and supported, when requested by the relevant union. The union representatives belonging to the in-house commissions of each plant enjoy union leave hours or days, as set forth by the legislation in force, and enjoy the same benefits as the other employees. We are members of the Company Chambers, which, in turn, participate in collective negotiations with the union federation that represents the unions that are present in the plants, which also evidences our willingness to engage in dialogue with union representatives.

🕒 **Uruguay:** employees from all production units enjoy autonomy to join the associations and unions of their choice. The operations rely on an open-door policy on labor issues, internal conflict solutions, and support for the employees.







# TRAINING AND DEVELOPMENT

[GRI 404-1]

One of the initiatives we value in human resources management is to create opportunities, within our operations, for our employees to both build up and develop their professional careers. The results have shown us that we are advancing in the internal development of professionals: in 2021, 49.4% of the leadership positions recruited were filled by people who already worked with us. This culture based on in-house promotions also translates into retention and professional stability.

We also believe that granting opportunities also means supporting our employees throughout their professional careers. To this end, we have developed several training programs. In 2021, 613,000 hours were offered globally, involving training that reached nearly 30,000 employees.

## OUTREACH OF THE TRAINING PROGRAM GRANTED IN 2021

[GRI 404-1]

	NORTH AMERICA	SOUT AMERICA
Average hours of top management training	55	20
Average hours of supervision training	55	70
Average hours of management training	55	52
Average hours of training for other positions	0	136
Total number of employees who participated in training programs	9,000	16,954
<b>Total hours of training</b>	<b>503,000</b>	<b>110,333</b>

Out of this total number of participants, women accounted for 35.6% in North America, and 29% in South America.

This training agenda has focused, in Brazil, on the training of operational leadership, including supervisors and coordinators allocated to the plants. A few examples of the actions covered by this training and qualification agenda:

🕒 **Professional Competence.** In South America, we have started the training program based on themes related to the development of behavioral competencies, such as Engagement, Management Role, Motivation, Leadership Mindset, Empowerment, Synergy, Protagonist Attitude, among others.

🕒 **Strengthening of HR teams.** In Brazil, we develop specific technical and behavioral training for the professionals who act in the human resources area, aiming at enhancing even more the efficiency and effectiveness of the processes and projects developed by the area.

🕒 **CEO Academy**, a leadership training program, in ODL (distance learning) format, ranging from managers to vice-presidents, in Brazil.

In addition to these training programs, our operations have also developed specific agendas to address issues related to Human Rights. Altogether, our two operations have delivered 259,000 hours of training on these topics, in which almost 30,000 employees have also participated.



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TRAINING IN HUMAN RIGHTS

[GRI 412-2]

	NORTH AMERICA	SOUTH AMERICA
Total number of hours of training in Human Rights	250,000	9,909
Number of participating employees	9,000	19,639

In Brazil, we run a program for Operational Professional Training, aimed at qualifying them for the development of other skills within the industrial scope, which prepares them for functions such as trimmers, deboners, butchers and slaughtermen. In Argentina, an annual qualification program is carried out, considering the operational needs related to technical training and plant certifications. In Uruguay and Chile, the programs are geared to specific instances, driven, for example, by transfers from one sector of activity to another, or in the face of opportunities for promotion. The company National Beef, in turn, adopts practices to stimulate continuous learning and enhancement of skills, both through in-house programs, as well as through reimbursement of costs with courses taken outside our facilities. [GRI 404-2]

PERFORMANCE EVALUATION

[GRI 404-3]

Another action aimed at contributing to professional development consists of periodic evaluations of our employees' performance. In Chile, Argentina and Uruguay, 100% of the employees are submitted to this process, in which topics such as responsibility, discipline, productivity, commitment to work and cooperation with colleagues, among others, are assessed. In the United States, about 90% of the staff is evaluated by formal and informal processes throughout the year, which contributes to the setting of salary increases for management positions.

In South America, 100% of the employees, at all hierarchical levels (top management, coordination, and management), have been submitted to periodical performance reviews and professional development in 2021, a process in which themes such as responsibility, discipline, productivity, commitment to work, and cooperation with colleagues, among others, are taken into account.

In Brazil, evaluations are conducted based on the performance of employees in relation to their targets, determined on a yearly basis, in line with the Company's strategies, in records of experience evaluation, and in the Technical Evaluation of the Professional Training Program.

The target plan is outlined by the executive divisions, and validated by the Corporate Human Resources area, whereas performance is monitored on a monthly basis. Employees with positions in the maintenance area, as well as officers, managers, supervisors and experts, are eligible for the target plan. In 2021, the targets began to include ESG criteria (English acronym for environment, social responsibility and corporate governance).

In Chile, the processes implemented include surveys, whereas in Argentina competence-based evaluations are carried out every two years, for leadership positions, and annually, for operational teams. Newly hired employees, as well as those transferred from other areas, also go through this process. In Uruguay, processes tied to goals and objectives are the directives followed for team evaluations, whereas in the United States, the process is based on a combination of in-person meetings and feedbacks between the leader and the employee.

In North America, 81% of employees have undergone this process. According to the position, 42% of the top management and supervising executives have undergone these evaluations, whereas this figure was 91% among managers, and 100% for the other positions. In terms of gender, 86% of the female employees have undergone periodic performance and professional development evaluations, a higher percentage than that seen among men, which was 80%.





## EMPLOYEE RETENTION INITIATIVES

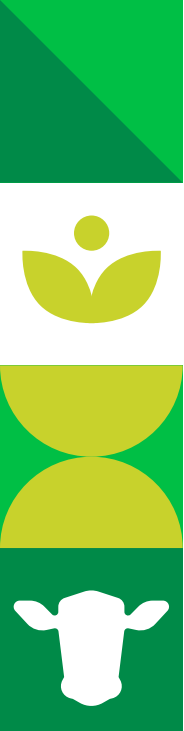
We also seek to develop initiatives to promote the retention of our personnel. In Brazil, there are two programs geared to this purpose:

- 🕒 **Strong Program:** it grants internal opportunities for operational assistants to pursue growth opportunities within the company. After the selection process, the employees carry on as operational assistants, but stay in training for a three-month period, during which they are prepared for other functions.
- 🕒 **Refer a Friend Program:** employees who refer professionals to vacancies – and upon hiring and approval after a probation period – are rewarded, in payroll, for the referral.

In North America, one initiative aimed at engaging our employees, while boosting retention levels, is the Share and Grow Together Program. This initiative consists of a space for conversation, so that together we can create an even better working environment. This program includes surveys with employees, performed by external experts, and training.

# 100%

OF EMPLOYEES IN SOUTH AMERICA WERE  
SUBMITTED TO PERIODIC EVALUATION OF  
PERFORMANCE AND PROFESSIONAL DEVELOPMENT



# OCCUPATIONAL HEALTH AND SAFETY

[GRI 103-2; 103-3]

## COVID-19

In 2021, in view of the persistence of the Covid-19 pandemic, we maintained the contingency plan adopted in the previous year. It included several sanitary measures and infrastructure adaptations, aimed at preventing the spread of the virus among our employees, with an emphasis on encouraging people to get vaccinated. We established partnerships with municipal authorities in Brazil, for conducting vaccination campaigns against Covid-19 within the production units, making the immunization available to all employees, regardless of the type of contract. Similar efforts were repeated in our international operations. In the United States, for example, we hosted more than 100 vaccination clinics in our plants, making Covid-19 vaccines available to employees, third-party service providers, family members, and the community.

We registered a high adherence of our employees to this campaign: 98% of our staff is fully vaccinated against Covid-19. In Brazil, this figure is 99.5%, of which 18.5% have already had their booster dose.

In addition to vaccination, we continued the actions to minimize the spread of infection, carrying out tests to detect Covid-19 in all our units: 94,770 tests were run in

2021, in parallel with the active search for symptomatic patients, through the application of 26,234 epidemiological surveys. All employees who tested positive were quarantined and removed from their on-site activities, with continuous medical monitoring and with no impact on their salaries and benefits.

Based on the healthcare protocol adopted, other initiatives were implemented, such as the release of employees from risk groups, including pregnant women, also with no impact on their salaries or benefits. We increased the number of healthcare professionals, such as physicians and nurses, in all units, in order to meet the demand for assistance. We also made available to all employees the vaccine against the H1N1 flu, in order to reduce the risk of complications with the new virus. In the South America operation, about 80% of our employees received the vaccine against H1N1.

For the operation in **North America**, we established a task force on Covid-19, a format in which we assigned a coordinator at each of our plants, who was responsible for evaluating and planning the operation of each facility to ensure that all health regulatory guidelines were met. This team works closely with the leadership at National Beef, to develop new safety practices in relation to Covid-19. We also launched Talkspace, a mental health app that

connects people to mental health professionals, providing counseling, therapy, and medical support. Consultations are unlimited and 100% confidential, and are available to National Beef employees and their families.

In the **South American** operation, in turn, we introduced new routines, such as mass testing, to track and map employees who could potentially transmit Covid-19. We rearranged the transportation available at the plants, so that they circulate at 50% of their capacity, which implied an increase in the number of buses available. We also implemented a system to measure the temperature of employees before boarding the buses, and at the entrance to the operational units. We installed physical barriers at the workstations, and implemented distancing in the social areas, as well as altering schedules and shifts, so as to reduce the circulation of people in the cafeterias and dressing rooms.

An online medical access channel has also been created, to provide guidance to employees affected by the virus. The service was conducted by the corporate physician, in Brazil, for all units throughout the country. Even in face of the deceleration of cases, the online service has been kept available to employees, and is carried out by the nursing teams, along with the physicians who work at the plants.



## HEALTH AND SAFETY

We believe that ensuring a safe work environment, which safeguards the health of our employees, represents a major concern. In this context, alongside the anti-Covid-19 contingency plan, the other measures aimed at ensuring the occupational health and safety of our employees have been maintained and improved, in line with the Regulatory Standards and the legislation applicable to these issues in the markets where we operate.

Our plants in the various countries run Occupational Health and Safety Management Systems. Designed in line with the different local laws and regulations that tackle these issues, these systems cover the full range of operations and all employees, and are run by the company's own professionals who specialize in this area.

In line with the ongoing improvement efforts that underpin our operations, these systems are also subject to constant improvement. In Brazil, for example, technical instructions and work safety guidelines are updated on a regular basis, whenever there is a major event that implies changes in controls. In Uruguay, the upgrades consider, to a large extent, the results of internal and external audits of the plants, in addition to measures aimed at mapping risks and management indicators related to work-related accidents, the same parameters adopted in both Argentina and Chile. These measures also lead to the implementation of action plans for corrective and preventive measures and work-related accidents. **[GRI 403-1]**

Our workplace safety guidelines undergo continuous refinement, aimed at minimizing workers' exposure to the risks of occupational hazards. As an example, we have created the **Occupational Health Division**, given the relevance of this matter to our operations, and have also restructured the Health and Safety team, which involved the creation of new medical and nursing positions to better serve our employees. The restructuring of the team has prompted a series of measures, such as the scheduling of medical appointments at the plant itself, medical laboratory and imaging exams at accredited clinics, and with specialized physicians at private clinics. In addition, it also provides referrals to physiotherapists and phonoaudiologists, as well as the distribution of medications, free of charge, to employees at accredited drugstores.

Another initiative launched in Brazil is the safety program **"A Regra é Clara" (The Rule is Clear)**. This program aims to disseminate rules on the subject, structured into ten principles, with the purpose of making the work environment even safer, and progressively more aligned with our safety process concepts. As a result, we have also expanded our concepts of valuing life and instructed about attitudes and procedures that must be adopted on a daily basis in the workplace.

In managing this issue, we comply with all the resolutions passed by the International Labor Organization (ILO), as well as with the legislation applicable in the countries where we operate, by developing safety awareness campaigns, training on work-related hazards and risks, through mandatory





training for each occupation, and the proper use of personal protection equipment, while recording all work-related accidents.

We have developed an extensive training course agenda on occupational health and safety, covering various topics, all of which complying with the labor legislation and the technical regulations of the respective countries. The contents offered put emphasis on routines that are peculiar to our activities, such as knife handling, working in confined spaces, areas with varying temperatures, in addition to first aid, among others. In 2021, these training courses, offered in all our units, added up to more than 697 hours.

The number of hours and participants in the training courses, by country, are detailed in the Appendix of this material, on page 109.

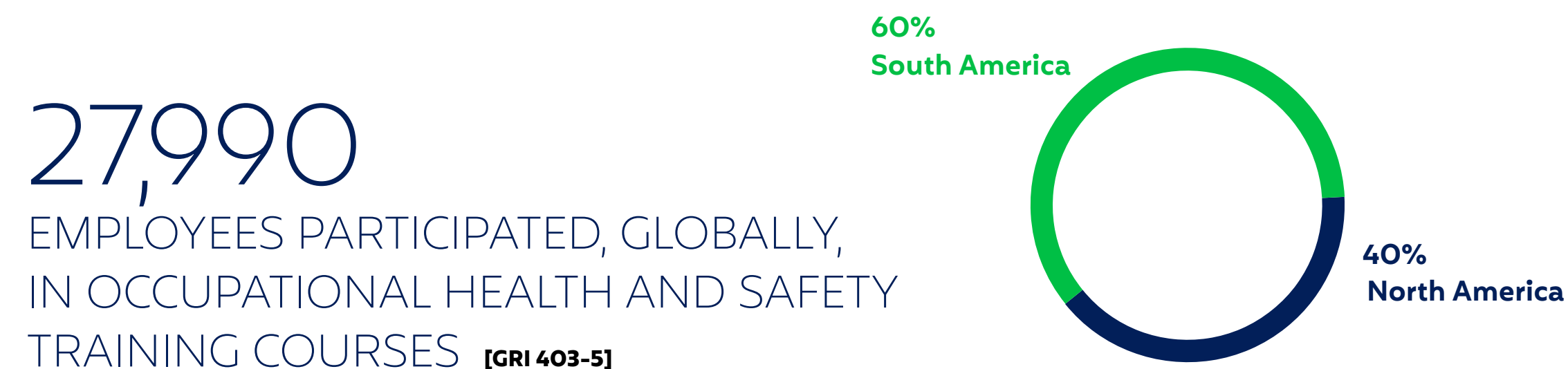
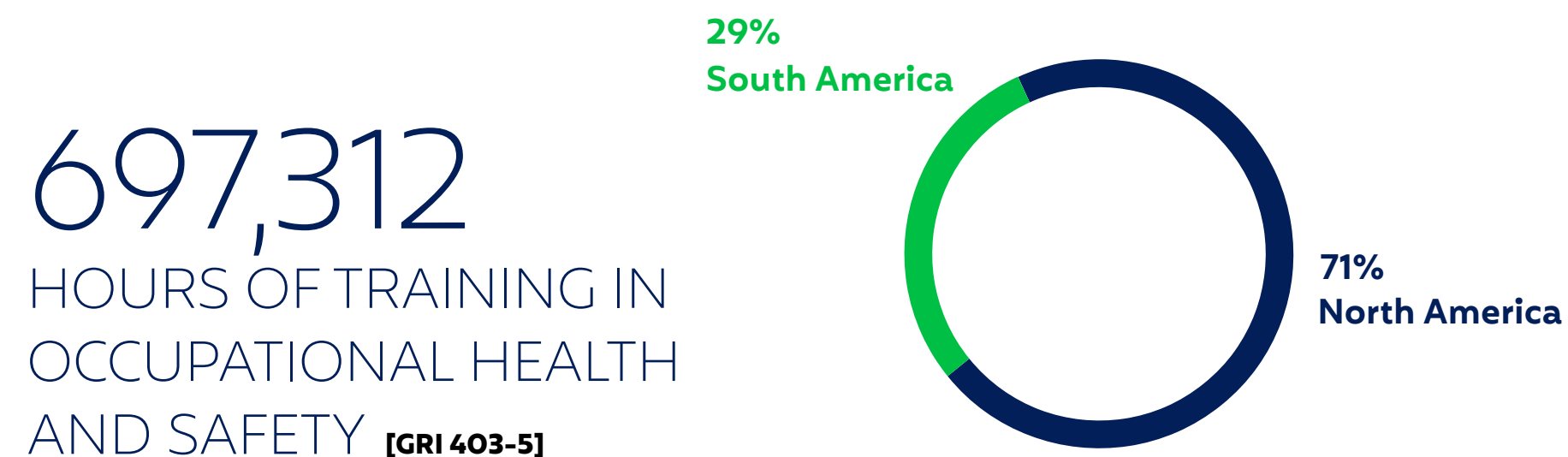
## PRACTICES WE HAVE ADOPTED IN THE MANAGEMENT OF OCCUPATIONAL HEALTH AND SAFETY

**Health and safety committees and commissions.** All of our units in Brazil hold Internal Committees for the Prevention of Accidents (CIPA), in compliance with Regulatory Ruling No. 05, issued by the Ministry of Labor and Social Security. Such committees are made up of members elected by the employees and/or representatives appointed by the company to deal with these matters. The operational units also count on health and safety specialists, professionals who make up the Specialized Safety Engineering and Occupational Medicine Service. These professionals are responsible for organizing and maintaining Occupational Safety Committees, Occupational Health Committees and Ergonomics Committees at the plants. Also in Chile, Argentina and Uruguay, 100% of our facilities hold

Health and Safety Committees, with the participation of representatives of the employees. North American plants also conduct safety assessments, which follow the DuPont Behavior Based Observation (BBS) process.

**Antimicrobial resistance in the workforce.** We do not use nor promote the use of antibiotics by employees, since we follow the guidelines issued by the World Health Organization (WHO), which draws attention to the economic impact from the uncontrolled use of antimicrobial resistance.

**Sick pay.** In Brazil, all employees who are contracted under the CLT (Consolidation of Labor Laws) regime are entitled to and qualify for a period of sick leave by the Social Security system, as per Law No. 8.213.





**Paid sick leave.** In South America, we grant paid sick leave to employees, in accordance with local laws and regulations and the particularities of each country. In the Brazilian operations, it is a practice that is carried out regardless of the pandemic situation. Employees diagnosed with any type of illness are immediately removed from their work activities. In Chile, medical leaves are paid by private or state-run healthcare organizations, according to the country's regulations. For those workers affiliated to the National Health Fund (FONASA), sick leave is paid by the Commission of Preventive Medicine and Disability (COMPIN), which evaluates each case. Likewise, there are workers who are affiliated to Social Security Healthcare Institutions and, likewise, receive payment for the sick leave. In the case of sick leave caused by a work-related accident or illness related to professional activity, there are other entities that protect the worker, such as Private Non-Profit Organizations, which integrate the Social Security System.

**Outpatient medical service.** We rely on our own outpatient medical service, which comprises a physician, a nurse, an ergonomist, and nursing technicians at all units, providing urgency and emergency care, as well as medical and occupational consultations, in addition to nursing care. These services are available to all employees. The outpatient clinics, besides their capacity to handle the employees' health complaints, also carry out testing for Covid-19.

**Requirement for medical certificates.** In our Brazilian plants, employees can submit medical certificates

or reports from their independent physicians, for the purpose of reimbursement for days not worked. They can also access our own in-plant outpatient clinics, in case they need to have their condition evaluated, for guidance or support to be referred to the social security agency. The company offers its own outpatient clinics in all plants. We have our own medical outpatient clinics in all of our units in Brazil, providing free healthcare services to employees. There, basic medical health care is offered, since most of our units are far from large urban centers. For more complex cases, after evaluation by our physicians, the employee is sent for external treatment in private clinics. In cases of occupational diseases or work-related accidents, the costs are fully covered by us.

**Sick leave for employees.** All employees are instructed to remain away from their on-site work activities, until their pathologies are resolved, according to the instructions of their respective treating physicians.

**Attendance at work in case of illness.** As a preventive measure, we conduct active searches for health-related complaints by employees at the production units, for proper referral and treatment. We also advise our employees to access our own medical outpatient clinics available at the plants, in case of need or complaints.

**Medical assistance to employees.** We provide an internal communication channel with employees, through the medical outpatient clinics in the units, and we hold weekly leadership meetings to monitor the indicators of medical assistance provided by labor and accredited physicians.

All employees, regardless of their position, can access the service free of charge, for all types of illness (ordinary or occupational), or for a simple consultation on a prescription, or for an examination of a family member.

**Risk assessment.** We rely on specific guidelines to evaluate and analyze accidents and incidents, which guide and formalize the conducts. We carry, in all countries, consolidated processes to assess risks, identify hazards and investigate incidents. In Brazil, this routine is performed on an annual basis, which is reduced whenever there are changes in the work routines, such as the introduction of new equipment, products, work methods or layout. In Chile and Argentina, this routine is carried out on a daily basis, and in Uruguay on a weekly basis. **[GRI 403-2]**

**Channels for reporting situations of risk and incidents.** Throughout our operations, we maintain routines intended for employees to report situations of risk and incidents. All employees, from all operations, are encouraged to report such cases, for which specific forms are made available for them to submit reports, which can also be submitted to the direct leadership or to the health and safety committees. In the face of work-related situations that may cause accidents at work or occupational illness, workers are advised to interrupt their tasks, and may exercise the right to refuse whenever they see evidence of serious and imminent risks to their safety and health, or that of others. The event must be reported immediately to the supervisor, who will take the applicable measures.

We also provide occupational health services, which contribute to identify and eliminate hazards, thereby mitigating risks. In conjunction with the other regulations, the Program for the Prevention of Environmental Risks (PPER) aims to identify the hazards and risks, in addition to suggesting measures to minimize the issues detected. We also provide occupational health services, based on the Program for Medical Control of Occupational Health (PMCOH), and connected with the other regulations, aimed at ensuring that employees have their psychophysiological health met by a program of actions, scheduled through an annual agenda of biological monitoring or preventive measures, both for the company and for the employee. In Brazil, we monitor the employees' state of health by means of occupational and complementary clinical examinations, as well as by documents relating to medical control programs regarding occupational health, coupled with qualitative and quantitative assessments of the risks arising in the work environment. **[GRI 403-3]**

WORK-RELATED ACCIDENTS

[GRI 403-9]

Several actions to promote safety in the workplace have already made it possible for us to register, in 2021, substantial improvements in the number of work-related accidents. In global terms, the total number of accidents without a lost-time incident has been slashed by 30%, and the number of days lost due to accidents, by 24%. The same performance was seen in relation to total injuries: 18% less than in the previous year.

This performance was greatly impacted by the progress seen in South America, where all indicators have dropped significantly: by 35% in the overall number of lost-time accidents, 34% in accidents without lost time, 25% in days lost due to accidents, and 23% in total injuries.

We have taken every possible effort to prevent the occurrence of fatalities in the work environments, a goal that, unfortunately, was not attained in 2021. We reported one case in each one of our operational platforms. We will continue striving to ensure that further situations of this nature do not occur again.



PERFORMANCE REGARDING WORK-RELATED ACCIDENTS

	NORTH AMERICA			SOUTH AMERICA			TOTAL		
	2020	2021	%	2020	2021	%	2020	2021	%
Accidents with lost time	94	118	26%	863	558	-35%	957	676	-29%
Accidents without lost time	192	193	1%	1,596	1,060	-34%	1,788	1,253	-30%
Days lost due to accidents	1,183	960	-19%	20,662	15,584	-25%	21,845	16,544	-24%
Total injuries	286	311	9%	1,603	1232	-23%	1,889	1,543	-18%
Fatalities	0	1	–	2	1	-50%	2	2	0%



07

## SUSTAINABILITY PLATFORM





One of the strategic pillars of our business, we pursue sustainability through concrete actions, public commitments, clear goals, and a solid management structure. We base our efforts, in this regard, on a commitment to minimize the impact of our operations on the environment; as such, we are always attentive to effects on climate change; our goal is to be an effective agent of transformation throughout the production chain, promoting business models that preserve biomes and biodiversity while also promoting best practices in the area of social responsibility, encompassing both respect for human rights and socio-economic inclusion.



GOVERNANCE

Actions related to sustainability permeate the day-to-day management of our operations. Due to their strategic nature, they are defined and established by the Board of Directors, the highest body in our Corporate Governance hierarchy. To analyze issues related to sustainability and to aid in decision-making and continuous monitoring of results from such initiatives, the board relies on the advice of a Sustainability Committee, composed of members who are experts in the subject with recognized professional qualifications. As of the end of 2021, the Committee consisted of six members. One of them acts as coordinator and is also an independent company director. A brief summary of each of the participant's qualifications and activities is available on our Investor Relations website.

To execute our strategic plans in this area we can count on the support of special Sustainability Committees in both our South American and North American business units. These report directly to their respective CEOs. They are responsible for risk analysis and examination of opportunities as well as the setting of performance targets for the operational units within their jurisdictions.





## POLICIES

The principles that guide our sustainability practices are based on specific policies, the chief of which are:

- Sustainability
- Animal welfare
- Social Responsibility
- Engagement with Stakeholders
- Acquisition of material originating from forests

Global in scope, such directives are approved by the Board of Directors. Full documentation is available through our Sustainability website.



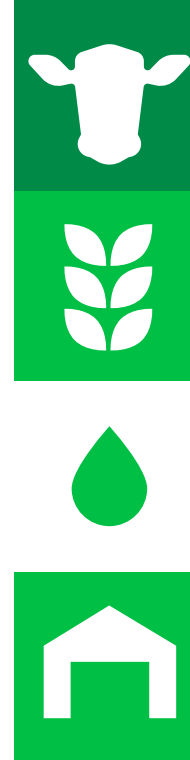
## STRATEGIC AXES

Given the nature, scope and characteristics of our operations, we have divided our strategies, work plans, public commitments, and goals into six major themes, or pillars. Each is led and managed by a highly specialized team whose leaders report, respectively, to the South American and North American Sustainability Committees. There are approximately 175 professionals spread out across our operations in Brazil, Chile, Argentina, Uruguay and the United States dedicating 100% of their time to the execution of our sustainability strategies.

We closely monitor the performance of our operations across the six pillars. As part of our monitoring effort, we employ KPIs (key performance indicators) to measure progress and make swift corrections, as needed.

The six great pillars upon which we base our efforts constitute our **Sustainability Platform:**

- Origin Control
- Animal Welfare
- Greenhouse Gas Emissions
- Natural Resources
- Wastewater and residues
- Social Responsibility



## SUSTAINABILITY WEEK

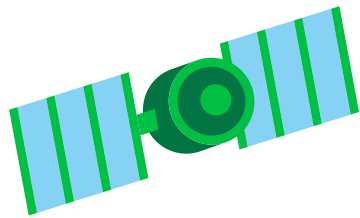
In order to engage our employees even more with the importance and needs of Sustainability, we held Sustainability Week in June 2021, the month dedicated worldwide to environmental protection. Sustainability Week events took place in our South American operations using various communications channels simultaneously. The aim was to reinforce the concepts and principles associated with Sustainability by raising awareness among our employees about the actions we have taken in this field and the consequences they have had for society and the natural environment.

# SUSTAINABILITY PLATFORM

1

## ORIGIN CONTROL

- 100% of supplier properties are monitored via satellite.
- 100% of direct suppliers – some 8,000 – take part in the Marfrig Club Program, which disseminates best sustainability practices throughout the Brazilian production chain.
- 99.5% of indirect supplier chain, in Brazil, adheres to sustainable husbandry criteria.
- 33% of direct producers improved their sustainability practices, migrating to higher Marfrig Club classifications.
- 100% approval in pilot program testing for the Unified Protocol for Monitoring of Amazon Cattle Suppliers ("Beef on Track").
- US\$ 30 million investment in management of supply chains located in the Amazon and Cerrado biomes.
- € 1.75 million investment through 2025 in technical and environmental support for small-scale producers in the Juruena Valley (MT), part of the Amazon biome, via the Sustainable Calf Program.
- 3,800 direct producers had access to the blockchain tracking platform (Conecta).
- 2,300 accesses to the recently launched Cattle Breeder Portal, which offers this targeted public information about cattle sales, slaughter, management, sustainability, animal welfare, and many other topics of interest relating to husbandry.



2

## ANIMAL WELFARE

- 100% of slaughterhouse activities (cattle) audited for animal welfare, a procedure undertaken by third parties.
- 99.5% of ranches meeting at least one criterion for animal welfare under the Marfrig Club Program.
- 94% of slaughterhouse units (cattle and sheep) audited for NAMI Animal Welfare Standards.
- 1,275 hours (per annum) of Animal Welfare training.
- 80.42% of cattle transported over routes of less than eight hours.
- US\$ 2.3 million investment in improvements aimed at animal welfare practices.



3

## GREENHOUSE GAS EMISSIONS

- +120,000 animals arriving from ranches declared as bred under low-carbon production conditions.
- First bovine protein company in Brazil committed to Science Based Targets.

4

## NATURAL RESOURCES

- 100% of operational units possess Water Treatment Plants (WTPs).
- 80% of WTPs objects of internal audits in 2021.
- +90% of energy utilized in operations obtained on the free market.
- 58% of units in Brazil follow water re-use practices.

5

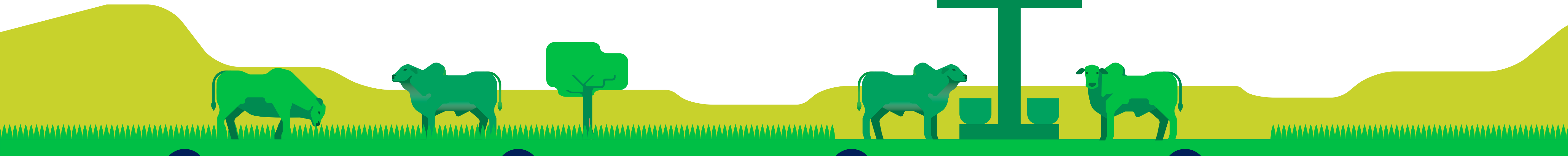
## WASTEWATER AND RESIDUES

- 100% of Brazilian units possess Wastewater Treatment Plants (WWTPs)
- 16% of Brazilian units have incorporated fertigation into their work routines.
- R\$ 30 million investments in modernization of WTPs and WWTPs units installed throughout our operations.

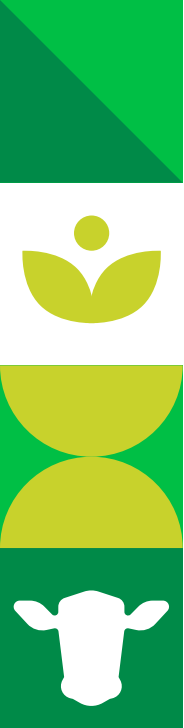
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## SOCIAL RESPONSIBILITY

- +2,000 ranches, previously blocked from supply chain registers, re-instated after complying with socio-environmental criteria, a figure representing 26% of active suppliers during the period.
- 91 metric tons of meats donated to the Hospital de Amor (Love Hospital) in Barretos (SP).







## ADVANCES IN 2021

### ORIGIN CONTROL

[GRI 103-2; 103-3; 102-9; 102-10; 304-2]

In this pillar:

- 🕒 We have concentrated our efforts on execution of the **Marfrig Verde+ Program**, aimed at promoting sustainable cattle raising via reduced emissions of greenhouse gases throughout the value chain. This effort is implemented in our industrial operations through rigid quality and food safety controls using methods and procedures which, in addition to doing no harm, also observe careful handling of anti-biotics, hormones, and other controversial substances employed in cattle breeding.
- 🕒 We base our management of **raw material origins** and **engagement with suppliers** on best sustainability practices.

### MARFRIG VERDE+ PROGRAM

This is an initiative with a clear objective: to guarantee that 100% of our cattle supply chain is free from any taint of deforestation or similar practices. Our commitment covers all of our operations and measures the level of exposure of different regions to risks from deforestation or allied practices.

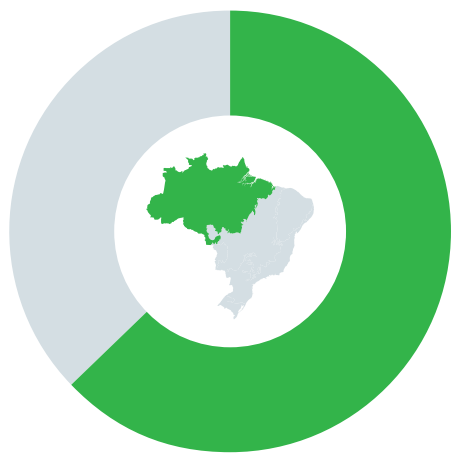
The year 2021 was the second for implementation of Marfrig Verde+ and we have made swift advances in meeting the targets we set for the program. We registered, during the period, a high level of identification with the program among indirect suppliers, a critical link in our value chain:

Through Marfrig Verde+, we are seeking to contribute to the acceleration of sustainability within the realm of Brazilian livestock breeding while minimizing the impact on the environment. We have developed several methods for the dissemination of best practices throughout our value chain, implementing both large-scale and long-term solutions. In these efforts, we can count on a partnership with the Sustainable Trade Initiative (IDH), a Dutch private-public institution, among other organizations.

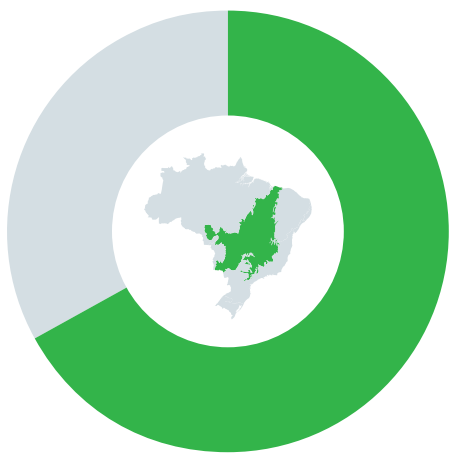
In line with our effort at continuous improvement, we also kicked off development of parameters and procedures for the auditing of data and methods under the aegis of Marfrig Verde+, work that we are developing in partnership with Agroícone, a respected Brazilian think tank. Our intention is to submit 2022 figures for third-party verification and to publish results of this first audit in the following year. Learn more about Marfrig Verde+ from our Sustainability website.



**100%**  
of direct supplier  
properties are monitored.



**63.21%**  
of direct producers, with ranches  
within the **Amazon** biome,  
report on operations of their own  
suppliers (our indirect suppliers).



**67.21%**  
of direct suppliers in the **Cerrado**  
biome share information about  
their respective supply chains.

MARFRIG VERDE+ TARGETS

From 2022 to 2025:

- Protocol for the re-integration of producers previously blocked, making it possible for them to resume operations based on compliance with company-established sustainability criteria.
- Execution of program creating technical support network with the task of intensifying efforts at restoration of pasturelands and improvement in animal nutrition and genetics.

By 2025:

- Attain total traceability throughout the Marfrig supply chain in the Amazon biome.

By 2030:

- Total traceability throughout the Cerrado and other biomes.

100% OF OUR SUPPLY CHAIN WILL BE FREE OF ANY AND ALL DEFORESTATION BY 2030

To reach our objective, we have established intermediate targets; meeting them will help guarantee complete implementation of the commitments we have assumed to date.

MILESTONES – CONTROL OF INDIRECT SUPPLIERS – MARFRIG VERDE+ PROGRAM

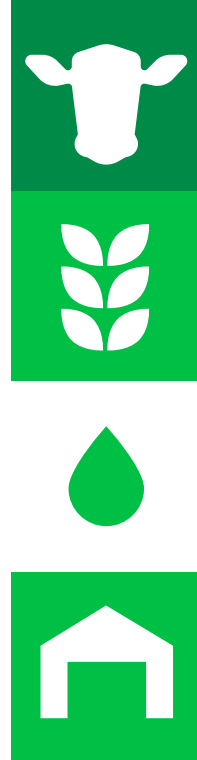
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
		Risk									
		Very High	High	Medium	Low	Very Low					
 Amazon biome	Milestones*	100.00%	100.00%	100.00%	100.00%	100.00%					
	Realized in 2021	86.21%**	73.44%	62.37%	60.75%	100.00%					

		Risk									
		Very High	High	Medium	Low	Very Low					
 Cerrado biome	Milestones	100.00%	100.00%	100.00%	100.00%	100.00%					
	Realized in 2021	50.00%	69.23%	68.64%	65.03%	67.07%					

\*Milestones are cumulative with the risk levels from previous years (for example, in the Amazon region, the milestone for 2022 corresponds to 100% of ranches with very high risk levels together with 100% of those with high levels. The percentages related to "realization" pertain to the first half of 2021 and illustrate the effectiveness of actions taken under the aegis of the Marfrig Verde+ Program.

\*\*Ranches which do not share data with us about their indirect suppliers will be blocked until they furnish the necessary information.





## PRODUCTION / TO PRESERV / INCLUSION

As a sustainable development program, Marfrig Verde+ is supported by the tripod PRODUCTION / TO PRESERV / INCLUSION. Under the program, in 2021, 2,054 ranches, previously suspended as suppliers, were re-instated, a figure representing 26% of our active supplier network during the period. Through technical support, documentation, legal assistance, and multi-temporal geospatial analysis, we were able to help these suppliers resume operations in accordance with company socio-economic commitments.

## PILLARS

Marfrig Verde+ is built on three pillars: development of innovative financing mechanisms, technical support, and intensification of mechanisms for monitoring and tracing. We advanced in each of these areas in 2021, obtaining important results:

### DEVELOPMENT OF INNOVATIVE FINANCIAL

**MECHANISMS.** We have been working assiduously to bring our value chain closer to sources of funding based on best practices. In 2021, for example, we entered into a series of commitments with the Dutch Green Fund, resulting in investments of US\$30 million to improve management practices along Amazon and Cerrado supply chains. Among commitments we have assumed are advances in various initiatives designed to engage with suppliers based on 2030 goals for rainforest conservation, intensified use of pasturelands, and the recovery and restauration of degraded and deforested areas. Facilitating access to capital by producers, as in this case, is a good way to fight deforestation. Once suppliers have invested in their own ranches, they will upgrade their productive systems and will tend to encroach less on the virgin forest.

### STRUCTURING OF TECHNICAL ASSISTANCE AND

**INTRODUCTION OF TECHNOLOGY.** Within this pillar, there are various initiatives designed to help producers adopt new technologies in management of their ranches, boosting production while also making operations more sustainable, thus conciliating output with conservation. Among highlights:

🕒 **Sustainable Calf Program.** We have formalized our participation in this program, which aims at the professionalization of small-scale producers in the breeding of calves, the first phase of cattle raising. First developed in the Amazon biome, the Program seeks to promote socio-economic inclusion among ranchers; it also aims to provide guidance and support in production while supplying adequate lines of credit, technical assistance for genetic and pastureland enhancement, and support for land and environmental legalization. As of the end of 2021, there were 132 small-scale producers in the Vale do Rio Juruena region (MT) participating in the Program. The formalization of our participation will take place through investments of 1.75 million euros through 2025 with the goal of doubling our outreach among ranchers. Parallel to our participation in the Program, which resulted from a partnership with an international organization called the Sustainable Trade Initiative (IDH), in 2021 we slaughtered our first heads of cattle from participating ranches. We acquired and slaughtered 1,071 animals with full traceability, right from the breeding stage, in line with objectives under the Marfrig Verde+ Program, an initiative that will itself generate gains well beyond our value chain, producing advances for livestock breeding everywhere.

🕒 **Environmental Compliance Project.** Pilot program to reinstate, in our supplier base, ranches that were suspended for non-compliance with our environmental criteria. In 2021, we undertook environmental and management diagnoses with the objective of restoring vegetation to 25 properties of different sizes in the state of Mato Grosso. The project included mapping of the



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affected areas along with quantitative and qualitative analyses. As a result, in 2022, together with the ranchers themselves, we will develop a corrective action plan, focusing on restoration of damaged forestlands, training, and sustainable development practices. In addition, we will promote training workshops for women only, with the aim of including them in solutions for the problems of sustainable livestock breeding.

- Relationships with cattle breeders.** We inaugurated the Cattle Breeder's Portal, an exclusive communications channel for our partner producers throughout Brazil. Through this new channel, ranchers have access to information and content on cattle sales, slaughters, management, sustainability, animal welfare, and other topics of interest to livestock producers. Parallel to this initiative, we also kicked off a series of monthly webinars, bringing together specialists to address topics related to the day-to-day activities and business interests of livestock producers. Throughout the course of 2021, a number of important topics impacting livestock output were addressed: 'Livestock Challenges,' 'Production Through Genetic Selection,' 'Importance of Water in Sanitary Herd Control,' 'Genetic Improvement to Enhance Production of Nelore Cattle,' and 'Importance of Weighing Animals.' The presentations drew more than 2,300 hits; content remains available to producers and the general public at <https://pecuarista.marfrig.com.br/>.

#### **Production models based on low-carbon technologies.**

Best practices aimed at sustainable livestock output allow us to offer differentiated products to consumers. This is the case, for example, when it comes to our Viva! brand. The animals come from ranches adopting production techniques based on Crop and Livestock Integration (ICL) and Integrated Crop-Livestock-Forestry (ICLF) systems. These allow for the neutralization of methane gas emissions. For more, see page 85.

**MONITORING AND TRACING MECHANISMS.** This pillar brings together various routines we have adopted since 2009. With the inauguration of Marfrig Verde+, we have improved our procedures for the identification of cattle origins as we acquire the animals. In 2021, we adjusted our methodology and expanded the scope of monitoring: in addition to verifying the origins of the animals acquired through direct means, we also improved the criteria and practices employed by producers for the sharing of information about their suppliers. As a result, we now have greater clarity and traceability when it comes to indirect suppliers, who are a critical link in the value chain. Cattle ranchers who do not share with us such information are blocked from our supply base, in line with Marfrig Verde+ norms. They remain blocked until the data are made available and they pledge to adhere to Marfrig-established commitments. See on page 70 how we have adapted our routines to monitor and track our cattle suppliers.

#### **Origins & Engagement**

When it comes to the "Origin Control" pillar of our Sustainability Platform, we also focus on various initiatives related to raw materials procurement, including responsible purchasing practices, geo-monitoring of supplier ranches, and product tracing; we also aim to engage our suppliers with best sustainable livestock practices. On the latter front, we can count on the support of the Marfrig Club, a protocol aimed at sharing with producers the same socio-economic commitments we have assumed while offering them technical aid as a constant contribution to improvements in animal welfare practices and socio-economic compliance.

By 2030, in line with the objectives of Marfrig Verde+, we will have implemented policies guaranteeing that 100% of our suppliers, both direct and indirect, operate in areas free of deforestation. We will monitor not only the ranches that sell animals for slaughter but also those which supply animals to the ranches, so-called indirect suppliers. We intend to map all phases of livestock breeding, development, and sale for slaughter. We will extend, to our indirect suppliers, the same requirements related to best socio-environmental practices that we insist on with our direct suppliers, with adaptations, when necessary, to ensure that such principles are observed throughout the value chain.



RELATIONSHIP PROGRAM WITH CATTLE BREEDERS

Kicking off in 2021, the Livestock Rancher Relationship Program aims to further strengthen the bonds we maintain with our producers. Steps taken include face-to-face visits to ranches, and introduction of solutions and technologies designed to boost rancher productivity and profitability. The Program promotes technical assistance in areas such as genetic improvement, nutrition, health, management, and animal welfare. The Program also strives to attract new suppliers and identify and resolve problems among inactive suppliers. Since it was inaugurated, we have made more than 600 visits to ranchers, technical personnel, and producer co-ops. Our teams have also been present at more than 50 events, including field days, training sessions, exhibitions, and fairs. Five webinars were held via the Cattle Ranchers Portal. The Program covers the following topics:

**GENETIC IMPROVEMENTS:** genetic improvements designed to boost production, depending on the method utilized.

**ANIMAL WELFARE:** work accomplished together with animal welfare divisions at slaughterhouses, visits and training aimed at producers.

**NUTRITION, DIET, VITAMIN AND MINERAL CONSIDERATIONS, AND PASTURELANDS MANAGEMENT:** aid in development of feed during confinement, feed supplements and field recreation, as well as orientations regarding pasture maintenance.

**HEALTH CONTROLS:** orientations for use and control of veterinary products during stipulated shelf life.

**SUSTAINABILITY:** importance of sustainability within the productive system.

**MANAGEMENT:** improvement of business management practices.





## ACQUISITION OF RAW MATERIALS

Practices adopted and advanced in 2021:

**Responsible buying.** Compliance with legal obligations, best environmental conservation practices, and good management is what we are looking for as we select suppliers and purchase animals; all such principles were first applied in 2009. Through requests made to suppliers, we also seek to promote the highest production standards. We are careful to monitor poorly managed land conversion and deforestation in our supply chain, which is why we evaluate and select 100% of our beef-protein suppliers using environmental and social criteria. We apply such criteria to suppliers from the Amazon as well as the Cerrado, the Atlantic Forest region, the Pantanal and the Pampas, in short, all the biomes where suppliers sell animals for meat, leather, and other by-products used at our facilities. We are committed to working towards a supply chain entirely free from poorly managed land conversion and deforestation, not only in Brazil but also in Argentina, Chile, the United States, and Uruguay.

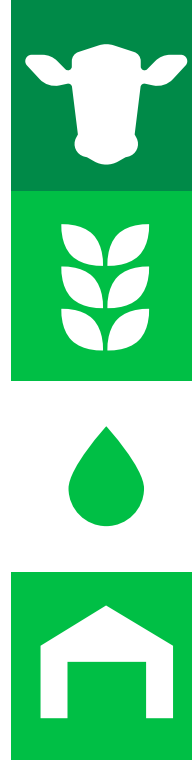
To that end, verification of social and environmental criteria is effected with each new animal purchase, at which point suppliers are consulted about age, weight, and carcass quality characteristics to make sure they are in compliance with market norms for meat produced by the respective purchasing units. Currently, 100% of our suppliers meet the criteria we have laid down, which include the following: **[GRI 308-1; 414-1]**

- Must not be on the list of areas embargoed by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), with no record of forced or compulsory labor (according to “Dirty List” records kept by the Labor Inspection Service of the Ministry of Economy.) The risk of slave and child labor still exists; therefore, we check such lists in 100% of our prospective purchases of animals for slaughter. In the United States, all of our National Beef locations adhere to the strict guidelines of the U.S. Child Labor Act, which prohibits the employment of persons under the age of 18 in industries such as slaughtering and beef processing. In addition, we periodically send correspondence to suppliers and contractors, informing them of our policies and requesting that they also comply. **[GRI 408-1; 409-1]**
- Must present documents proving Land Title Registry and Regularization (SNCR), a Rural Environmental Registry (CAR), a Letter of Guarantee, List of Marfrig Club protocol verifications, an official Voucher, and an Animal Transportation Authorization (GTA), among others.
- Information related to human rights such as appropriate work schedules, adequate remuneration, decent working conditions, non-discrimination in the widest sense, absence of child labor, and freedom of association, based on questionnaires developed under international SA8000 norms for social responsibility. Such an approach is part of random overall monitoring, for identification of eventual compliance problems, throughout the supply chain. **[GRI 408-1; 409-1]**

Animals for slaughter are acquired at rural properties located near our industrial units in all the countries where we have a presence. In this way, 100% of our suppliers are considered local based on the definition of local as operating in the same country as the purchaser. **[GRI 204-1]**

Another point evaluated under the aegis of the responsible purchasing process is the use of soybeans, which must not originate from deforested areas. To verify compliance, this particular aspect must be addressed through presentation by suppliers of a routine approval form. Controlling for origin in the case of soybeans does not apply only to animal feed, but also to production of alternative proteins using soybeans as a base. For example, in the case of PlantPlus!, our partnership with Archer Daniels Midland Company (ADM), soybeans are used in the production of plant-based foods. Routines such as this are in line with our sustainable practices along the entire length of the supply chain as part of an effort to contribute to the conservation and diversity of the biomes in which we work, especially the Amazon. Responsible purchasing practices also take into account availability of water in regions where our suppliers are located.





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## TRACING OF ANIMAL ORIGINS

Our work is always aimed at offering quality products without giving way on issues such as the environment and workers' rights. One of the practices that helps us to build a more sustainable value chain is transparency. To that end, we provide a channel for any interested party to trace the origins of slaughtered cattle. To find out more, consult our Gado Legal website at (<https://rastreabilidade.marfrig.com.br>).

In order to carry out this research, one of the most important pieces of information we need is the Federal Inspection Service (SIF) certificate of origin, which is included in our product identification. The SIF offers an inspection seal linked to the Brazilian Department of Animal Origin Products Inspection, which aims to guarantee health and technological norms under both domestic and

international legislation. Access the Gado Legal website using your name and State Registration Number; there, you will find a wealth of information, based on the production date, including the origin of the meat cut, and the state and municipality of the producer ranch

### BRAZILIAN SLAUGHTERHOUSES:

Cattle slaughter - Mineiros/GO (SIF: 3047), Cattle slaughter - Bataguassu/MS (SIF: 4238), Cattle slaughter - Tangará da Serra/MT (SIF: 1751) , Cattle slaughter - Pontes e Lacerda/MT (SIF: 1900), Cattle slaughter - Várzea Grande/MT (SIF: 2015), Cattle slaughter - Chupinguaia/RO (SIF: 3250), Cattle slaughter - Ji-Paraná/RO (SIF: 3405), Cattle slaughter - Alegrete/RS (SIF: 2007), Cattle slaughter - Bagé/RS (SIF: 232), Cattle slaughter - Promissão I/ SP (SIF: 2543), and Cattle slaughter - São Gabriel/RS (SIF: 847).

**Third party audits.** For the ninth year in a row, all of our Amazon biome purchases came from ranches in 100% compliance with criteria and directives established by the Public Commitment on Amazon Cattle. This level of performance is measured and certified through evaluations and tests which cover everything from best practices employed in the battle against deforestation to respect for human rights, including those of indigenous populations. In addition, any use of child labor or labor analogous to slavery is prohibited. The most recent full report is available at our website under the "Sustainability" tab.

**Geospatial monitoring.** Supplier ranches are continuously monitored by geospatial means, a routine that contributes, among other things, to the observation and preservation of conditions in the ecosystems where the ranches are located. We have been monitoring Amazon biome ecosystems since 2009 and those in the Cerrado biome since 2020. The routine is based on ranch maps obtained from the Rural Environmental Registry (CAR), information that is then cross-referenced with satellite images of the ranches provided by INPE (National Institute for Space Research) and aims to ensure that the properties are free from deforestation and conflicts over Indigenous lands or lands set aside for conservation.

Some of the practices covered through this routine:

🕒 **Conflicts and/or occupation of Indigenous lands.** Monitoring is effected through specialized companies that complement information solicited annually from FUNAI, the government agency responsible for Indigenous affairs in Brazil, among other procedures, with all such information then subject to third party



audits. Irregular suppliers are blocked from our value chain. In 2021, no complaints of rights violations against Indigenous peoples were lodged. [GRI 411-1]

- 📍 **Hot spots.** Identification of slash-and-burn occurrences at supplier ranches in the Amazon biome, allowing us to advise producers and introduce preventative measures.

In the face of any incidence of non-compliance detected through monitoring, the supplier is prevented—or blocked—from trading animals with us until the issue is resolved. Under this procedure, 100% of Brazilian suppliers were evaluated during the year in relation to environmental and social impacts. Within the monitoring criteria, 1,018 properties showed significant actual or potential negative environmental impacts. Of these, 80.1% (816) showed improvements as measured by our assessments. All others (202) saw their supplier contracts canceled. [GRI 102-10; 308-1; 308-2]

- 📍 **Tracing platform based on blockchain technology (Conecta).** A tool we began to use in 2021. Developed the previous year from the marriage of satellite monitoring with blockchain technology, Conecta helps us verify incidents of deforestation and other episodes of non-compliance with socio-environmental norms in the production chain. The platform cross-references information, made available by producers through an app about ranches and herds, with public data. An important differential is that it can also be used by direct suppliers, so they can monitor their own respective supply chains, thus integrating our efforts and theirs in

combating eventual irregularities practiced by indirect suppliers. In addition, ranchers can access socio-environmental analyses of their own operations and those of their suppliers. In 2021, Conecta was made available to more than 3,800 direct producers operating in Mato Grosso and Rondônia.

- 📍 **Unified “Beef on Track” Protocol.** 100% approval in the pilot audit of the Unified Protocol for the Monitoring of Cattle Suppliers in the Amazon (“Beef on Track”). The initiative aims at verifying compliance, by meatpackers operating in the Amazon, with measures agreed to under the Conduct Adjustments (TACs) to the Legal Meats Program originally created in 2009 to encourage companies to engage in responsible production practices. Under the agreement, meatpackers are committed, for example, to acquiring cattle only from areas free from deforestation and agrarian conflicts, and which do not overlap with Indigenous lands and lands set aside for conservation; they are also committed to avoiding transactions with suppliers engaged in slave labor. The Unified Protocol is an initiative of the Federal Prosecutor’s Office (MPF) and the Forest and Agricultural Management and Certification Institute (Imaflora). The protocol attracts more and more companies every year, representing an advance in industry practices overall; such advances are also contemplated under the Marfrig Verde+ Program.

- 📍 **VISIPEC.** Some 99.5% of our indirect suppliers have signed on to our sustainable livestock criteria,

mainly those related to operations in areas free from deforestation, Indigenous lands and lands set aside for conservation. This ‘snapshot’ of supplier sentiment is the result of an initial exercise we carried out in 2021 to verify data from producers with this profile, through Visipec, a monitoring and tracking tool for the livestock production chain. We will continue developing this project in 2022, increasingly integrating it with other controls in place for guidance in making cattle purchase decisions.





## DEFORESTATION RISK MAP

The year 2021 was the first in which we used this tool, which had been readied at the end of 2020. By using it, we were able to further improve our responsible purchasing practices: we now have information resulting from the cross-referencing of various types of maps, including those highlighting socio-environmental indicators, covering areas subject to deforestation, pasturelands and areas set aside for the preservation of native vegetation; maps are also able to indicate occurrences of forced or child labor. To all of these, we added yet another map, this one pinpointing the presence of cattle herds in given areas. The combination of these two approaches (socio-environmental indicators and livestock presence), along with the development of a risk matrix, makes it possible for the first time to develop a geographic map with unprecedented detail for the management of livestock. By using this tool, we were able to identify and prioritize actions in the areas most exposed to socio-environmental risks in the Amazon and Cerrado biomes. The consolidation of this information provides us with a matrix highlighting different degrees of risk, from “low” to “very high,” displayed on the map via color codes.

Such an approach, based on risk zones, allowed us to kick off engagement and monitoring work. We begin with suppliers located in very high risk areas, then work our way through to the very low risk areas. The approach is progressive and strategic, allowing us to engage with suppliers in efforts to achieve a value chain completely free of deforestation or badly managed land conversions. An example of the progress made through interactions of this kind with cattle ranchers is that direct suppliers are now annually required to provide information about their own suppliers. With this information in hand, we will be able to increase the visibility of the entire supply chain, starting with the initial stages of animal husbandry, our ultimate objective.

This same approach is being extended to other biomes where supplier ranches are located. We have already developed similar maps for the Pantanal and Pampa biomes and, in 2022, we will complete mapping of the Atlantic Rainforest biome. We will then have in hand a complete picture of all the cattle-raising regions of Brazil.

WE ARE ABLE TO IDENTIFY AND PRIORITIZE ACTIONS  
IN AREAS MOST EXPOSED TO SOCIO-ENVIRONMENTAL RISKS  
IN THE AMAZON AND CERRADO BIOMES





## ENGAGEMENT WITH SUPPLIERS ON BEST PRACTICES

We have reviewed and updated the Marfrig Club Protocol, which aims at engaging suppliers in the continuous improvement of their productive practices in line with the leading global sustainability indices. We have also expanded the scope of the Protocol, beefing up guidelines on topics such as climate change, quantification of greenhouse gas emissions and environmental risks such as water shortages. Such changes were made in order to align the initiative with the Marfrig Verde+ Program's guidelines and to further assist our suppliers in the development of sustainable production models.

The Marfrig Club was inaugurated in 2010, offering support to Brazilian cattle breeders in their journey towards sustainability. Through the Club, we encourage and support our suppliers using a Guide to Sustainable Practices and guarantee good management of procedures related to Pastureland Management, Animal Feeding, and Handling of Waste, among others. The initiative helps advance the value chain while reinforcing our commitment to sustainable production. We also offer orientations regarding best practices in technical areas and we have established a routine of periodic evaluations of productive practices encompassing animal welfare and compliance with social and environmental norms. The evaluations are made by the suppliers themselves in conjunction with our own technical personnel. When necessary, corrective actions are taken, including a broad plan to implement a timetable for the execution of guidelines so that

inconsistencies can be ironed out effectively and errors eliminated.

Supplier performance is classified in the following way: beginner, bronze, silver, and gold, in accordance with the degree of compliance with Marfrig Club guidelines. Currently, 100% of direct suppliers, or about 8,000, take part in the program and are members in accordance with the above mentioned classifications. In 2021, 33% of producers improved their practices and were promoted to higher classifications.

In an innovative manner, we are expanding all of Marfrig Club's expertise and making it available to our direct suppliers. In this way, we are disseminating, throughout the entire supply chain, the best and most efficient practices aimed at low-carbon production; such practices are now part of all our innovation programs and are applied via protocols based on research such as Carbon Neutral Brazilian Beef (CNBB) and Low Carbon Brazilian Beef (LCBB).

The redesign and updating of the Marfrig Club Monitoring Protocol, in line with our commitment to continuous improvement, reflects the goals and is based on the standards and indicators of the most demanding international organizations for Sustainability, such as the Rainforest Alliance, GlobalGAP, RedTractor, the IFC, the CDP, FAIRR, BBFAW, and Forest500. Through this initiative, we propose to transform our entire value chain, respecting the

individuality and timing of each producer. [GRI 102-13]

In addition to the Marfrig Club, and in line with efforts to manage the risks associated with deforestation in the value chain, we have engaged with our suppliers to purchase soybean products, for processing or for animal feed, only from companies participating in the Soy Moratorium, an industry commitment established more than ten years ago which guarantees that companies refrain from purchasing soybeans planted in deforested areas of the Amazon. In our operations, soy currently represents less than 2% of total inputs purchased.

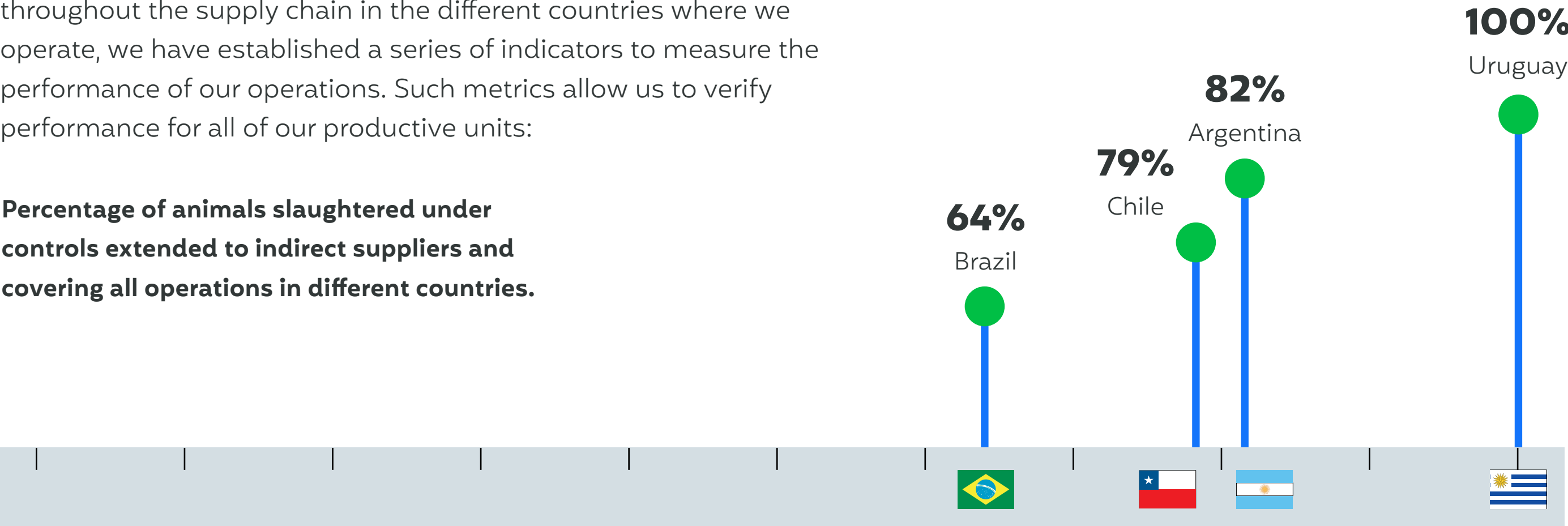




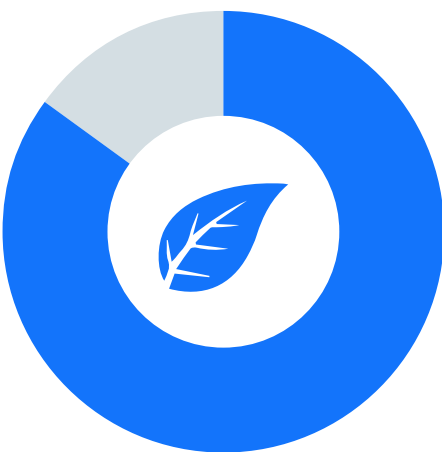
MANAGEMENT INDICATORS

Parallel with the actions developed under the aegis of the Marfrig Verde+ Program and taking into consideration the peculiarities of the systems involved and the policies and arrangements made throughout the supply chain in the different countries where we operate, we have established a series of indicators to measure the performance of our operations. Such metrics allow us to verify performance for all of our productive units:

Percentage of animals slaughtered under controls extended to indirect suppliers and covering all operations in different countries.



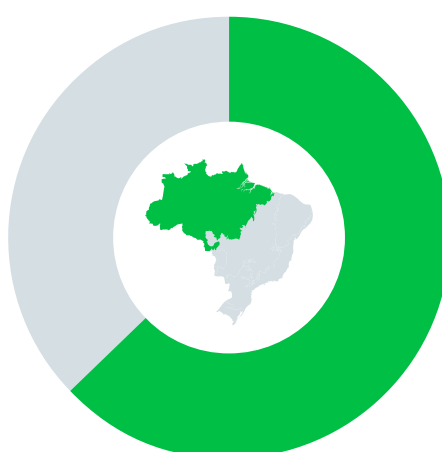
Percentage meeting performance pillars (Environmental and Social) under the Best Practices for Cattle Production Program/Marfrig Club within Brazil.



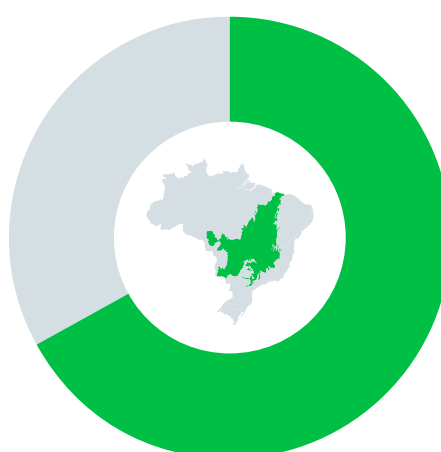
85%  
Brazil - Pillar Environmental Respect



86%  
Brazil - Pillar Social Respect



63%  
Amazon



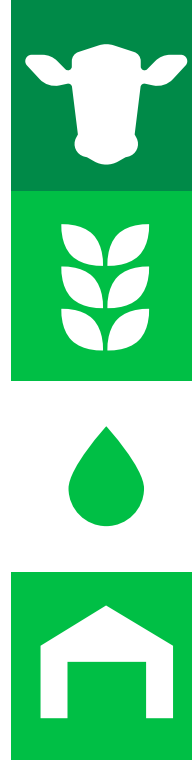
67%  
Cerrado

Percentage of supplier ranches among direct suppliers exercising control over indirect suppliers in the Amazon and Cerrado biomes in Brazil.

COP27 AGRI-COMMODITY  
SECTOR ROADMAP

We are members of a coalition composed of 13 companies in the agricultural commodities industry that signed on to a Joint Declaration during the COP26 meeting in 2021; the signatories are committed publicly to accelerating actions throughout supply chains to combat deforestation in line with goals set under the Paris Accord. The Joint Declaration was issued following a roundtable discussion convened by U.S. Special Climate Representative John Kerry and by the United Kingdom's Secretary of State for the Department for Business, Energy and Industrial Strategy (BEIS), Kwasi Kwarteng, in October of 2021, supported by the Tropical Forest Alliance and the World Business Council for Sustainable Development. We have participated actively in meetings of the group, which intends to present a collective action plan in time for the COP27 meeting in Sharm El-Sheik, Egypt.





## ORGANIC MEAT

We have expanded, by about 35%, the area certified for production of organic beef in Uruguay, an activity developed in that country since 2000 and which, in 2021, registered record sales. In addition to introducing new products, we also brought in a new group of cattle breeders who already possessed certification for organic ranching. As such, we can now expand even more this type of production, which has become a global benchmark. The United States is the biggest market for certified organic meat, but it is also sold in other regions and countries, such as Europe, the Middle East, and Japan.

## CHARACTERISTICS OF OUR ORGANIC PRODUCTION CERTIFICATION:

- ⦿ We do not use herbicides, synthetic fertilizers, or antibiotics; nor do we use hormones as growth stimulants. Health-related products are only employed in treatment of actual cases of disease, not for prevention. We prohibit use of genetically modified products as animal feed.
- ⦿ Animals raised on the open range are not fed with grain or with concentrated feeds. All of our Organic Beef comes from certified pasturelands; this guarantees less intra-muscular fat and lower cholesterol levels, making the meat more healthful.
- ⦿ We can count on the help of a group of certified producers, which assures compliance with norms. Producers are subject to external auditing for certification as well as internal controls managed by teams of specialized technicians.

## HISTORY OF ORGANIC ORIGIN CERTIFICATION PROGRAM

**2000** – Begin development, in partnership with a select group of producers and with the support of the National Agricultural Research Institute (INIA) and the German International Cooperation Agency (GTZ). .

**2001** – Obtain authorization for exports to the European Community.

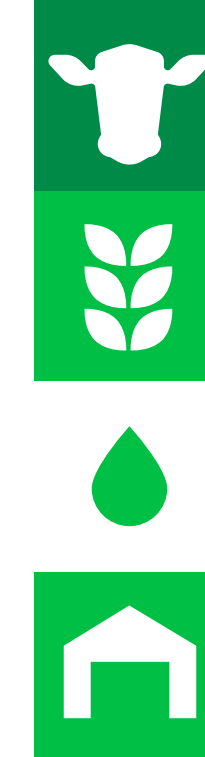
**2003** – Win authorization for the National Organic Program from the U.S. Department of Agriculture (USDA NOP) for organic production in addition to in natura meats, including products developed with organic Dried Cooked Beef.

**2008** – Sheep are certified in Europe for organic wool production.

**2020** – Inclusion of cow leather in both Europe and the United States.







## CERTIFICATIONS

- Control Union Certifications (ex-Skal International), a company accredited and recognized for its experience, helps assure compliance with international norms when it comes to organic products; such norms are established in Europe and in the United States and cover all stages of production, from pasture to slaughterhouse.
- Operational units are also certified for organic production, along with GSFS (ex-BRC) certification; these are applied via the most modern production system standards such as the Analysis of Critical Points and Hazards Control (HACCP), Sanitary Procedural Norms (SSOP) and Best Practices in Feed Preparation (GMP).
- Compliance with animal welfare norms in the area of product tracing.

## INGREDIENTS USED IN FEED PRODUCTION.

Corn was responsible for nearly half the feed composition at the "El Impulso" confinement facility in 2021, representing 46% of total ingredients utilized in the production of feed for cattle in confinement. Compared to 2020, other ingredients, such as sorghum and barley, declined as a proportion of total feed composition.

### FEEDLOT EL IMPULSO

Feed composition of the rations used

	2020	2021
Rice bran	0%	3%
Eucalyptus chips and bark	13%	12%
Hay	3%	3%
Wheat (grain)	3%	5%
Oats (grain)	3%	3%
Barley (grain)	10%	9%
Corn (grain)	36%	46%
Sorghum (grain)	16%	4%
Soy husk	5%	2%
Extruded soy meal	9%	9%
Vitamin and mineral nucleus	3%	3%

**110,000** animals sent for slaughter in four years.

**67,000** metric tons of feed manufactured per year, an average of 184 tons per day.

**85%** of animals capitalized.

## FEEDLOT OPERATION IN URUGUAY

We have only one operation, anywhere in the world, dedicated to cattle feedlot. It is located in Rio Negro, Uruguay and is called "El Impulso;" it is the largest facility of its kind in the country, with installed capacity for 16,000 animals.

The unit, which also makes animal feed, occupies 644 hectares of land and is strategically located in the country's agricultural heartland, where 82% of sorghum and corn are produced (within a radius of no more than 100 kilometers). With easy access to meatpacking plants, highways, and ports, the region also hosts producers of corn for milling, barley, and wood pulp.

In operation since 2010, our confinement facility is a modern strategic tool for encouraging primary production since it offers cattle breeders the opportunity to capitalize on their herds through confinement. In other words, breeders can send their cattle to be confined at "El Impulso" as a way to maximize investments through controlled and predictable costs.

**ORIGIN AND EXPOSURE TO WATER SCARCITY.** Of total raw materials, 84% came from internal Uruguayan suppliers and 16% from suppliers in Paraguay and Argentina, where about 90% of all grain production comes from the Province of Entre Ríos, a region which, according to research tool Aqueduct Water Risk Atlas, has no significant exposure to water shortages. This is also the case in Uruguay: there is no farm production, in the country, in areas considered high risk for hydraulic scarcity.

**SUSTAINABLE FEED OUTPUT.** In the production of animal feed, the facility uses equipment based on “Steam Flake” technology. Under this process, grains (such as sorghum, corn, barley, and wheat) are pre-conditioned and then subjected to treatment with steam. The technique promotes hydration of the grains, altering their structure and making them more easily digestible for the confined cattle, thus significantly reducing the emission of greenhouse gases by the animals.

Much of the corn and sorghum used to feed our cattle comes from Uruguay itself. Through practices such as soil rotation and crop diversification, sorghum cultivation stands out since it maintains high soil cover, resulting in low rates of erosion. Its use as an ingredient in feed for confined heads of cattle contributes to our compliance with Law 15,239, which requires Uruguayan grain producers to submit a Responsible Land Use and Management Plan. Such practices make a significant contribution to a regenerative, resilient, and sustainable agriculture.

**MANURE COMPOST IN FERTILIZERS.** Another good practice we have adopted in our confinement facility is the management of the manure generated by the animals. The corrals are cleaned mechanically and the resulting residue is piled up for fermentation and later use as fertilizer. We then distribute this material free of charge to grain suppliers located within a 25 kilometer radius of the facility. The fertilizer is also made available for community involvement and participation activities such as the improvement of soccer fields, use in plant nurseries, and in vegetable gardening programs in the localities of Soriano and Rio Negro, municipalities in the vicinity of the confinement corrals.

**USE OF ANTIBIOTICS IN-HOUSE OPERATIONS.** At our Uruguayan confinement site, we do not routinely use antibiotics, but solely and exclusively for therapeutic purposes. When antibiotics are used, in cases of absolute necessity, best practices are observed, including the segregation of animals in areas specifically set aside for the purpose, and record keeping with dosage, total volumes, and timing of applications all duly noted. We emphasize that, in Uruguay according to local government regulations, the purchase and use of antibiotics for animal use must be ordered by a veterinarian; prescriptions are retained by pharmacies where such medications are sold. The company, meanwhile, has its own guidelines; in cases of extreme need, the use of this class of drugs is carried out only for the treatment of disease and solely under the guidance of veterinarians. To find out more, access our Statement on Antibiotics Use, available on our website. **[FB-MP-260a.1]**

In 2021, the quantity of antibiotics utilized by our Uruguayan confinement facility was 0.234 mg per kilogram of slaughtered animal, a quantity 10% less than in 2020. In 2021, only 3.48% of animals in confinement at the Marfrig facility in Uruguay were medicated, down 9% from 2020.

**[FB-MP-260a.1]**

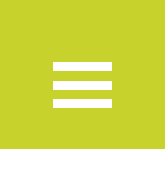
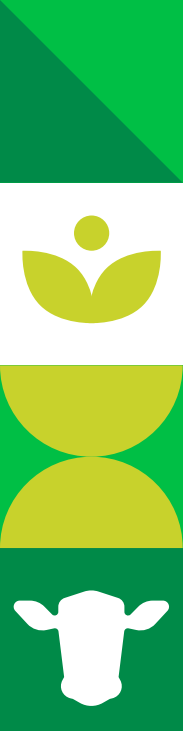
**FEEDLOT EL IMPULSO**

Antibiotic usage data

Figures	2020	2021
Quantity of antibiotics utilized (mg/kg of slaughtered animal)	0,261	0,234
Percentage of animals treated with antibiotics	3.84%	3.48%







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# ANIMAL WELFARE

[GRI 103-2; 103-3]

For this pillar:

- We implement procedures and practices aimed at animal welfare during every stage of pre-slaughter handling by targeting the three chief links in the value chain: rural properties, transportation, and industrial operations.

We have adopted a number of routines and procedures, in our day-to-day operations, in accordance with best management practices to ensure animal welfare; this includes concepts such as adequate facilities, strict routines, and the training of employees who handle animals. We also monitor the management of other links in the chain, especially the activities of suppliers and transporters in order to make sure we are in constant compliance with the highest standards for animal welfare.

The totality of practices adopted by our operations and promoted throughout our supply chain is under a constant process of improvement, in line with company principles, as recognized by the **BBFAW 2021** (Business Benchmark on Farm Animal Welfare), the chief international ranking for animal welfare. We are **the only beef meatpacking company to obtain, once again, Tier 2 status through the BBFAW.**

Released in 2022, the ranking sited our Tier 2 classification, for the third time; we were similarly classified in 2020 and in 2015. Our Tier 2 classification reinforces the idea that we have advanced significantly, year by year, when it comes to the four pillars of the BBFAW methodology and evaluation criteria; meanwhile, the organization's standards have become more stringent with each passing year. These cover: Management Commitment, Commitment to Governance, Leadership and Innovation, and Reporting and Impact. We have taken part in the BBFAW survey since 2012, the first year of the study's publication.

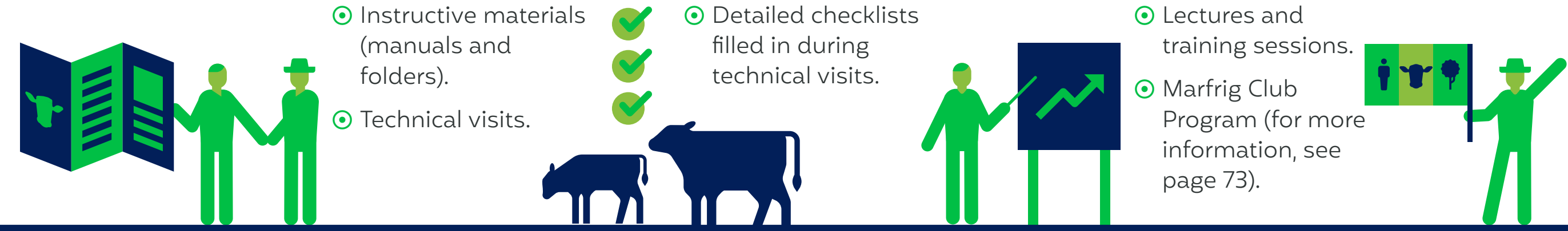
## WHAT WE OBSERVED IN OUR ANIMAL WELFARE PRACTICES:

- We respect, when at all possible, the five animal freedoms – environmental, behavioral, psychological, health, and physical welfare – as set out by the Farm Animal Welfare Council, an independent British organization which is an international benchmark when it comes to animal welfare. As a way to assure the best possible treatment for our animals, we have taken a number of steps covering the entire production cycle, starting from the farmgate and extending to the slaughterhouse.
- Ethical principles, laws, and applicable regulations for all markets in which we have a presence.
- Client demands from various different countries.
- Academic research, with a view toward improving our structures and animal welfare practices.
- We do not encourage the application of hormones in animals under any circumstances.
- We do not buy animals resulting from genetic engineering or cloning.
- We do not engage in routine mutilation of animals in our operations. We are committed to avoiding such practices since we have only one confinement unit in our entire operation, located in Uruguay. At the Uruguay unit we do not execute any practices such as de-horning or castration among confined animals.
- We do not engage in traditional hot-iron branding in our direct operations, although this practice is technically necessary in Uruguay. In order to avoid the practice, we have asked for an exemption from the Ministry of Agriculture and Fishing; the Ministry has granted the request since confinement, at our facility, is destined exclusively for feeding ahead of slaughter.
- We give the highest priority to the acquisition of animals from species without horns (about 80% of the animals we buy), and we remain firm in our commitment to advise suppliers, through specific orientation materials, to do the same. We have also assumed global commitments regarding all of the above enumerated principles.

FROM THE FARMGATE TO THE SLAUGHTERHOUSE [FB-MP-430A.2]

We work hard to promote best animal welfare practices throughout our value chain, from the farmgate, to transporters, to our own industrial sites. Among the many initiatives we have taken is development of a series of guidance materials on the subject of animal welfare. In addition to offering regular training, we are also dedicated to innovation, dynamism, and awareness of the benefits for all: animals, handlers, producers, transporters, the industry, and consumers. Together with transporters and our own employees, we are working on an overall integration process and we are reinforcing it with an agenda of regular training sessions.

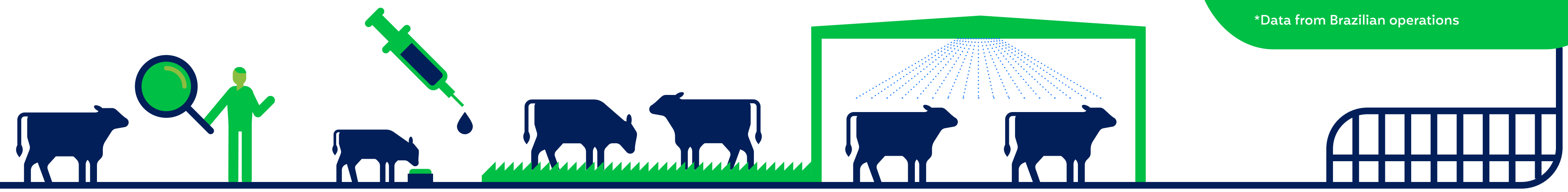
Rural property:



Transportation:



Industry:



- ⦿ Animal welfare audits are made by third parties, based on the Protocol providing for the highest standards of animal welfare, using as a reference NAMI and other criteria<sup>1</sup>.
- ⦿ Frequent monitoring<sup>2</sup>, including use of video cameras at the majority of our sites.
- ⦿ Quality food and water sufficient for all animals.
- ⦿ Adequate structure: appropriate flooring, anti-slip base.
- ⦿ Covers and sprinklers, as needed, to refresh or warm animals housed at our industrial sites, creating a comfortable, inviting, climate-controlled ambience.
- ⦿ Modern equipment for containment and stunning.

<sup>1</sup> Specific to clients, for example.  
<sup>2</sup> Following standards of the North American Meat Institute (NAMI), client protocols, and appropriate legislation.

**RESULTS IN 2021\*:**

- ✓ **6,273**  
evaluations made by those responsible for animal welfare at our units.
- ✓ **99%**  
of cages in excellent condition.
- ✓ **92%**  
of drivers evaluated at highest levels, with verification undertaken by those responsible for shipments from rural properties.

\*Data from Brazilian operations



## COOPERATION FOR INNOVATION

As a way to contribute to improvements in livestock welfare practices, we have been involved in and supported various research projects in the countries where we operate. In Brazil, for example, we entered into a partnership with UNESP (São Paulo State University) in 2021 to develop a study on the impact of transport times for animals from farms to meatpacking facilities in the country. The first step was to map the data as sequenced by the statistical analysis and then to make a calculation of the results, which should take place sometime in the first half of 2022.

In Uruguay, we have been working with the INIA (Instituto Nacional de Pesquisa Agropecuaria) since 2016 and we will renew our contract in 2022 in order to continue research. We are carrying our innovative work, at the Uruguayan facility, in our only confinement unit for fattening of animals before slaughter. Our objective is to evaluate and quantify the effects of different heat mitigation alternatives (shade, sprinkling, or a combination of both) and of two different diets, each with a distinct fiber content, on the productive performance of steers fattened during summer months. The research offers an opportunity to promote and advance the idea of environmental enrichment for better animal comfort.

Also in Uruguay, we maintain a solid partnership with the INAC (Instituto Nacional da Carne) and with the Veterinary School for the development of various projects

in the area of Animal Welfare. Among projects is the joint development of materials and folders describing best practices in the handling of animals turned over to us by our suppliers, with a view toward raising awareness among producers regarding this vital subject; the materials refer to the various animal species involved in our operations and refer back to our Policy Report on Animal Welfare.

## MONITORING INDICATORS AND GOALS

We monitor the performance of each of our production units very closely in order to correct mistakes and further advance our commitment to best practices. To that end, we monitor our animal welfare performance on a day-to-

day basis in our South American operations based on four key indicators (KPIs). All of the main goals we set for the four indicators were met in 2021. One exception occurred in the total number of training sessions per year per unit. Although we significantly exceeded the average number of hours of training per unit, when we consolidated the global data, we discovered that we did not reach the minimum required for our operation in Chile but this was due solely to the restrictions imposed by the Covid-19 pandemic. Due to the nature of our activities in that country, we have a seasonal operation, with activities concentrated in the first months of the year, coinciding with the most severe period of social isolation.

### ANIMAL WELFARE

Performance in 2021

Established time frame	Target	2021 Performance
Starting in 2020	At least 40 hours of training per year, per unit.	1,275 (64h per slaughter unit)
Starting in 2020	65% of cattle transported on routes of eight hours or less.	80.42% <sup>1</sup>
By 2025	100% of slaughterhouses (bovine and sheep) audited for compliance with NAMI Animal Welfare Standards.	94%
By 2025	100% of ranches meet at least one criterion for animal welfare under the Marfrig Club Program.	99.5%

<sup>1</sup> Data referring to South America (Argentina, Brazil, Chile and Uruguay). Information on performance in North America is being collected and will be reported in the Animal Welfare Report.

## ADVANCES IN OUR ANIMAL WELFARE PRACTICES IN 2021:

Within our operations:

- Our policy for animal welfare is followed by all of our global operations. In addition to the extent and alignment achieved by our directives in this area, we have also revised the underlying documents, including practices to be adopted in the handling of all animal species, not just cattle. Although cattle remains our chief raw material, we also work with poultry and hogs and we market seafood at our own brand name stores. For all these reasons, we have expanded the outreach of our directives on animal handling even more than before.
- All of our beef meatpacking activities, independent of country, were audited, by third party auditors, for animal welfare in 2021. By doing so, we brought forward by two years the goal of our public commitment to reach 100% independent auditing by 2023.
- US\$ 2.3 million investments in improvements designed to promote animal welfare.
- Revision of internal procedures adopted for all units globally, with a view toward greater agility in information exchanges, reflecting improvements in accountability related to animal welfare practices.

Within our supply chains:

- We added, to our animal welfare policy, certain criteria which have now become obligatory for our suppliers in all the different parts of the country where we are active. One example is the demand for animal welfare certification by meatpackers that slaughter and sell meats to our operations.
- We expanded the scope of the Declaration on antibiotics use, orienting our suppliers to avoid any and all use of antibiotics classified as high risk, such as HPClAs (Highest Priority Critically Important Antimicrobials). The document is available for consultation on our website under Sustainability.
- We standardized for all our units the information we solicit from suppliers regarding animal welfare practices. With this action, we have improved our communications with a vital public regarding the procedures used to monitor and manage animal welfare in the day-to-day operations of our units.





# ANIMAL WELFARE

## PUBLIC COMMITMENTS

Another area of advance for us in 2021 has to do with a series of commitments already undertaken in Brazil which we are now expanding to other countries where we operate:



### IN MANAGEMENT:

Established time frame <sup>1</sup>	TARGET
By 2024	Undertake audits of all public information regarding animal welfare throughout the company, conducted by third parties.

### IN PREPARATION OF PRODUCTS UNDER COMPANY BRAND NAMES:

2023	100% of bovine slaughters undertaken in accordance with NAMI Standards (North American Meat Institute).
2028	100% of suppliers operating in accordance with NAMI Standards.

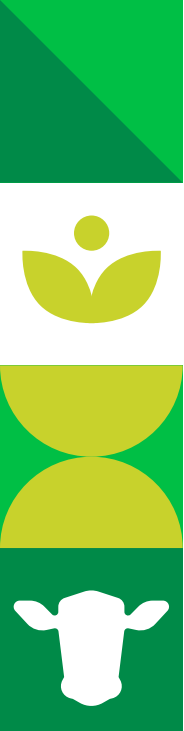
### IN RELATION TO PRODUCTS UNDER COMPANY BRAND NAMES USING PROTEIN SOURCES OTHER THAN BOVINE (EGGS AND/OR PORK):

Established time frame	TARGET
2025	Use eggs from hens in free-roaming environments.
2026	Acquire pork meat through creation of a collective management matrix (allowing, at most, 28 days for individual management systems).
2026	Acquire pork meat through systems which do not practice animal mutilation (such as mutilation of the ears).
2026	Acquire pork meat through systems which practice animal castration through chemical means that do not cause pain and suffering for the animals (in substitution for traditional surgical castration).
2026	Restrict purchases of pork meat only to suppliers who do not cut the teeth of their animals. In extreme cases, when there is proven incidence of aggressive behavior among animals, the practice may be permitted.
2028	Utilize pork meat from breeders who maintain enriched environments (malleable materials).

### IN THE MARKETING OF NON-COMPANY BRANDS:

Established time frame	TARGET
2028	Restrict marketing to egg-based products only from suppliers who use free-roaming hens.

<sup>1</sup>For all years listed in this and other tables in this chapter, consider the year ending in December



# GREENHOUSE GAS EMISSIONS

[GRI 103-2; 103-3]

In this pillar:

- Management of practices adopted to minimize the impact of our operations on climate change.
- Promotion of and fostering in low-carbon livestock production throughout our value chain.

**1st animal protein company in Brazil** committing itself to **Science-Based Targets Initiative.**

The SBTi is an international initiative resulting from the collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Pact, the World Resources Institute (WRI), and the Worldwide Fund for Nature (WWF). Through this partnership, we have been able to introduce transparency to measures contributing toward the objectives of the Paris Accord: limiting global warming to 2°C. We go beyond that goal: at Marfrig, we have set a target of limiting global warming to just 1.5°C.

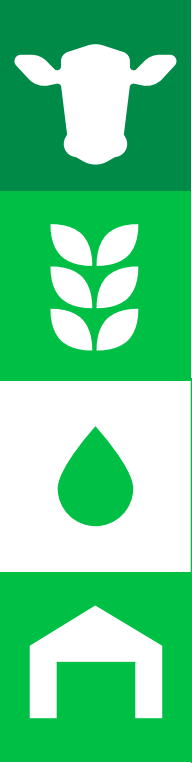
## TARGETS FOR REDUCTION OF GREENHOUSE GAS EMISSIONS

[GRI 305-5]

Through measures adopted by our operations throughout the entire productive chain, we have established significant targets for reduction of greenhouse gas emissions by 2035:

- 68% reduction in direct emissions (Scope 1) and emissions from energy we purchase (Scope 2)
- 33% reduction in indirect emissions from partners in our supply chain (Scope 3)

Such targets, approved in 2022 by SBTi, take into account emissions reductions that will occur in both our own operations and in those of other participants in the value chain. We will continue to pursue emissions targets for our own inventory as approved by the SBTi. We will also disclose fresh commitments and goals as new factors are accounted for, such as those related to land use shifts, once there are robust methodologies that support such measurements as set by the GHG Protocol of the SBTi. In addition, we remain committed to science-based net-zero emissions goals.



## CLIMATE RISKS AND RAW MATERIAL AVAILABILITY

We believe that climate change has the potential to cause disruptions in the availability of raw materials and, consequently, of products for our customers. Such a scenario could easily lead to price volatility, which is not healthy for either the company or its clients. Because of this, we are committed to mitigating the impact of our operations on climate change, which includes contributing to a value chain which is more resilient and better adapted to the impact that climate change may have if and when its full effects materialize. In 2021, we experienced no financial or material losses to our operations resulting from adverse weather conditions such as droughts, floods, or blizzards.



Here is how we have acted to mitigate climate change:

🕒 **MITIGATION:** We have developed robust policies and commitments in the search for supply chains free of conversion/deforestation , helping to avoid the continued advance of these practices on the ecosystems of biomes in which we maintain operations. Details on such commitments can be found on our website under Sustainability.

🕒 **ADAPTATION:** We have been working for more than ten years, through the Marfrig Club, to guide and support our suppliers in the adoption of sustainable production practices on their respective properties and ranches. Through a checklist based on the Guide to Sustainable Practices (for raising Livestock), producers have access to recommendations on the best practices to ensure consistency in production, and reduction of environmental impacts, while generating broadly positive outcomes. This is the case, for example, in adopting techniques such as production intensification, better pasture and soil management, and integration and management of overall production systems, among others.

## ADVANCES IN MANAGEMENT OF GREENHOUSE GASES IN 2021

### IN OUR OPERATIONS

#### Monitoring

We enhanced this practice in 2021: we undertook the first ever third party audit of our total emissions inventory, based on 2020 data. The process will now become routine and we are already scheduling our inventory audit for the 2022 cycle (based on 2021 data). The results of our emissions inventory will be made available on the CDP platform via a Climate Change questionnaire which we fill out every year. It can be accessed [here](#)

### WITHIN THE VALUE CHAIN

#### Management and procedures

We engage with suppliers on practices related to low-carbon production. In 2021, more than 120,000 animals came to us from ranches which declared themselves as having adopted systems showing such a profile. We have disseminated directives, through Marfrig Club protocols, regarding sustainable practices to be observed by producers. Some examples of the recommendations made to producers are these:

🕒 Offer animals food originating from pastures that have been correctly managed and which permit carbon sequestration in the soil.

🕒 Production of animals through low-emission systems, including precocity, which permits early termination of the animal, thus reducing methane emissions.

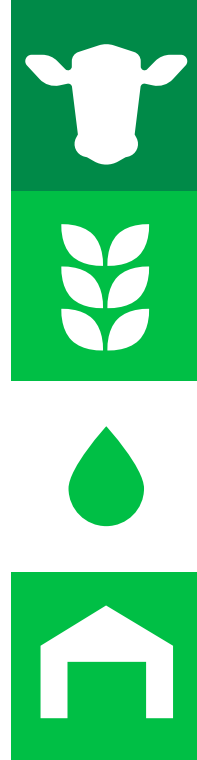
🕒 Investments in improved genetics quality, among other topics.

🕒 Orientations about efficient agricultural practices and procedures such as Pasture Management, Animal Feed, and Disposal of Residues.

In addition to these practices, we also ask our biggest suppliers to report, to the CDP Supply Chain, information on initiatives taken to minimize the impact of their operations on climate change; in this way, we seek to engage with suppliers in our own efforts to confront this problem. Meanwhile, we will undertake R\$500 million in supply chain investments to promote initiatives designed to reduce Scope 3 emissions via the Marfrig Verde+ Program.

# +120,000

ANIMALS CAME FROM FARMS THAT DECLARED  
ADOPT LOW CARBON PRODUCTION PRACTICES



## MODELS FOR LOW-CARBON PRODUCTION

We have adopted production models based on low-carbon technologies for cattle raising, allowing us to offer differentiated products to consumers. This is the case, for example, in our Viva! product line, produced under the aegis of Carbon Neutral Brazilian Beef (CNBB). Under this formula, animals are raised using systems that integrate them with forestlands as a way to neutralize animal methane emissions. Such systems operate under the concept Integrated Crop-Livestock-Forestry (ICLF) a way to create equilibrium and preserve biodiversity. Such models are the result of an unprecedented partnership we established with the Brazilian Agriculture and Livestock Research Corp. (Embrapa) in 2018. The partnership promotes the adoption of sustainable practices for cattle raising and certifies meat derived from such practices. In addition to Carbon Neutral Brazilian Beef (CNBB), we are also working together on the concept of Low Carbon Brazilian Beef (LCBB); we expect a product launch shortly.

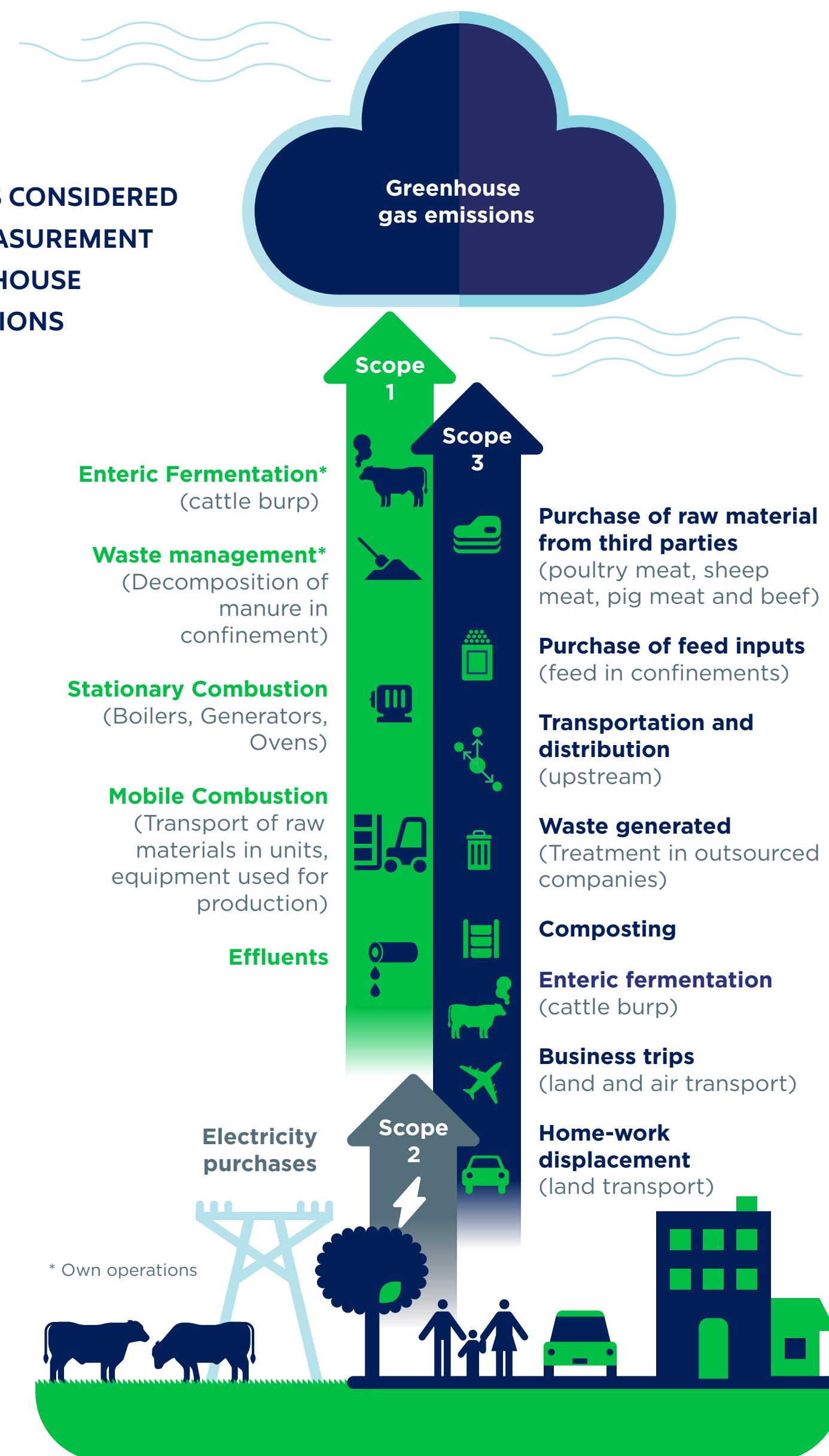
## GREENHOUSE GAS EMISSIONS PERFORMANCE

Our emissions are calculated in accordance with the methodology of The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and the IPCC Guidelines for National Greenhouse Gas Inventories, 2006. Factors contributing to emissions from the purchase of animals, in turn, are based on IPCC methodology (digestive fermentation and management of residues) and norms under PAS2050, of the British Standards Institute. Our internal data are utilized to estimate emissions associated with animals and products acquired from third parties, calculated on the basis of factors underpinning emissions as taken from the Brazilian Agricultural Almanack (FNP – Agrianual).

## EMISSIONS FROM CATTLE RAISING

In 2021, our total emissions, including Scopes 1, 2 and 3, reached 28.2 millions metric tons of CO<sub>2</sub>-eq. The figure considered, as Scope 1, emissions from bovine digestive fermentation as well as the management of waste products from our sole feedlot facility, located in Uruguay, along with digestive fermentation emissions, under Scope 3, from our supply chain. Other emissions from our supply chain are also included under Scope 3. More information can be obtained by accessing the [CDP Climate Change](#).

## VARIABLES CONSIDERED IN THE MEASUREMENT OF GREENHOUSE GAS EMISSIONS





PERFORMANCE IN 2021<sup>1</sup>

[GRI 305-1; 305-2; 305-3; FB-MP-110A.1]

Total Emissions in tCO<sub>2e</sub>

Scope 1		Scope 2		Scope 3		Total 2021	Variation
2021	2020	2021	2020	2021	2020		
387,613	528,064	245,630	208,702	27,562,385	27,933,774	28,195,628	-1.66%

Variation 2021x2020	
Scope 1	-26.60%
Scope 2	17.69%
Scope 3	-1.33%
Scope 1+2	-14.05%

INTENSITY OF EMISSIONS

[GRI 305-4]

tCO <sub>2eq</sub> /ton. Prod.	Scope 1+2			Scope 3		
	2020	2021	Variation	2020	2021	Variation
Marfrig Global Foods	0.22	0.19	-14%	8.16	8.08	-1%

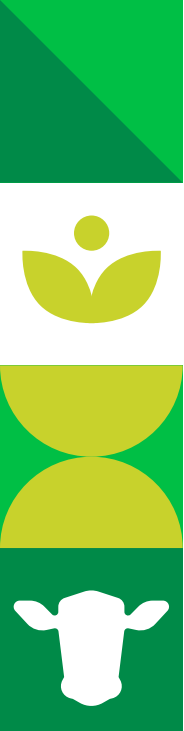
<sup>1</sup> The values informed in this report may change after the month of May due to the audit process, which was not finalized until the date of this publication. More current data will be published on CDP. Emissions cover the company's entire global operation.

- ⦿ ABSOLUTE EMISSIONS REDUCTION: reduction of 14.0% in emissions through scopes 1 and 2, and 1.33% under scope 3, when performance is compared over both years.

[GRI 305-5]

- ⦿ EMISSIONS FROM FEED PRODUCTION: total volume of emissions at our only confinement unit, in Uruguay, which produces its own feed, was 6,370 metric tons of CO<sub>2</sub>-eq.
- ⦿ REDUCTION OF EMISSIONS FROM ENTERIC FERMENTATION: we are the pioneers in this area, which includes emissions from stomach fermentation in the animals as a scope 3 emissions incident. Regarding this specific item, we observed a 1.22% reduction in total volume of emissions





## NATURAL RESOURCES

[GRI 103-2; 103-3]

In this pillar:

- ⦿ Actions related to management of water consumption
- ⦿ Actions related to energy management

## WATER

[GRI 303-1]

The availability of water is one of the factors that is most impacted by climate change, since it is a phenomenon directly influenced by water cycles. Within this context, and aware of the essential importance of water in guaranteeing the quality and safety of food products and, consequently, of our operations, we have conducted matters in this realm according to the following parameters:

- ⦿ A single global directive for the entire Company.
- ⦿ Analysis of water risk exposure among all of our operational units.
- ⦿ Continuous improvement in the efficiency of water use through constant measurement and monitoring.
- ⦿ Observation of demands regarding quality of treated water in markets to which we export our products.

- ⦿ Measures for the rational use of water at our plants, including adoption of efficient equipment for treatment, and training of teams in use of specialized equipment.

Dissemination of orientations regarding best practices in water management throughout our value chain. In 2021, the company did not receive a single fine, summons, or complaint and/or penalty of any kind for violations of water-related regulations.

# 20%

IS THE LEVEL OF REDUCTION WE ARE SEEKING, BY 2035, IN WATER CONSUMPTION VOLUME

per metric ton of product. The goal, pursued throughout the company, takes as its base 2020 performance. In order to meet the target, we have distributed volumes of water consumption among our operational units, giving due consideration to the water conditions of each. In other words, areas suffering from water stress will have more challenging targets to meet than other areas. Another differential is that meeting the goal for reduction of water consumption will be the responsibility of the directors of each unit.

Other practices that we can highlight when it comes to management of water consumption by company units include the following:

- ⦿ **100% of our operational units<sup>1</sup>** have their own Water Treatment Plants (WTPs). In 2021, we instituted internal auditing of our installations to reinforce quality control over this vital resource used in our daily work routines. As a result, during the period:

- ⦿ **100% of our (WTPs)** passed through monthly audits.

- ⦿ **100% of our plants**, in the different countries where we operate, undertook **measurements of available water volume**.

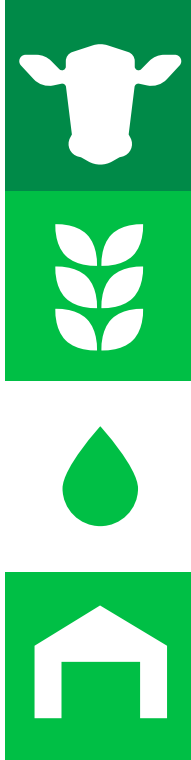
- ⦿ **Management indicators.** Initiatives taken to better manage water consumption are accompanied via three indicators:

1. Volume of water obtained per unit of production (m<sup>3</sup>/metric ton of product)
2. Volume of water obtained per unit of production (m<sup>3</sup>/head)
3. Percent of reuse of water

Detailed information about our water use is available via the Water Security questionnaire filed as part of the CDP (Carbon Disclosure Project); it can be found on the CDP website.

<sup>1</sup> Units located in South America.





AN A GRADE ON  
WATER SECURITY

For the second year in a row, we received an A grade from the CDP, a performance not repeated by any other bovine protein company anywhere else in the world.

This score, in a ranking released annually by the CDP, is recognition of the best practices we have adopted when it comes to responsible water consumption and to the procedures we have introduced through our value chain. The CDP is a global platform that gathers data on the environmental performance of companies worldwide. The data is reported by the companies themselves and aims to provide transparency to such information, contributing to investor decision-making as well as the formulation of public policies.

WATER CONSUMPTION IN 2021

We registered, during the period, an increase of 6.07% in water consumption in relation to the previous year. The difference was caused by increased production in our North American operations, which led to a rise in demand for water of some 13.42%. Operations in South America saw a 2.04% decline in consumption of water.

TOTAL OF RETAINED WATER, BY SOURCE

[GRI 303-3]

In m³	North America			South America			Totals		
	2020	2021	%	2020	2021	%	2020	2021	%
Surface waters	–	102,133	–	8,906,560	8,339,310	-6.40%	8,906,560	8,441,443	-5.22%
Subterranean waters	7,390,893	13,184,300	78.4%	4,505,994	4,195,388	-6.90%	11,896,887	17,379,688	46.09%
Reuse water	–	1,887,005	–	–	623,100	–	–	2,510,105	–
Water from other sources	5,986,899	–	–	83,955	63,873	-23.90%	6,070,854	63,873	-98.95%
Totals	13,377,792	15,173,438	13.4%	13,496,509	13,221,671	-2.04%	26,874,301	28,395,109	5.66%

SOURCES OF WATER USED

	North America	South America
Surface waters	0.7%	63.1%
Subterranean waters	86.9%	31.7%
Reuse water	12.4%	4.7%
Water from other sources	–	0.5%

WATER USE INTENSITY INDEX

In m³/ton

2020	2021	%
7.846314	8.322553	6.07%

In South America, reservoirs are the chief source for the water we use: accounting for 63.2% of the total, followed by underground sources (31.7%). This situation is different from that which obtains in North America, where underground springs account for the lion's share of water supplies (86.9%) with reservoirs at only 0.7%.

In relation to underground sources, some of our North American units use a combination of wells and public water supplies. In South America, our operations rely on wells, surface sources, and third-party purchases. All of our units are authorized to obtain their own water supplies. However, no unit obtains resources in excess of authorized limits, a rule that guarantees sustainable supplies.

Our results for water consumption are reported annually under indicators for Supply Chain and Water in the CDP report. For more information, see <https://la-pt.cdp.net/>



## HOW WATER IS MANAGED

[GRI 303-1; FB-MP-140a.2]

The consumption of water by **our operations** is managed by means of a rigorous routine based on best practices for the control of both quantity and quality. It covers the following:

- ⦿ **Measuring and monitoring:** procedures for continuous monitoring of water use throughout our operations, including observation of demands made by environmental authorities in the respective countries where we operate. All data collected is audited by third parties.

- ⦿ **Treatment:** all of our units possess their own Water Treatment Stations (WTSS) adequate in relation to their respective water sources – reservoir or underground, for example – which allows for water treatment in line with standards of potability demanded by the various countries in which we operate.

- ⦿ **Risk-based water management:** we use AQUEDUCT, a World Resources Institute (WRI) tool which identifies sensitive variables related to the quality and quantity of water available in our global operations. This process is completed by an on-site survey of the water situation in each unit.

- ⦿ **Water efficiency:** we have adopted various measures to diminish water consumption at our units; these include use of equipment to automate and reduce water flow,

among others, in addition to enhanced training for our employees. In areas that do not demand water at standard levels of potability, we have adopted methods for the re-utilization of this vital resource.

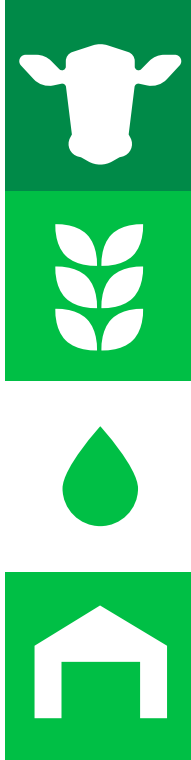
- ⦿ **Consumption targets:** our productive units have their own targets for reduction of water consumption, based

Along the **value chain**, we have also engaged with our partners to adopt best practices in water management. Several such practices are disseminated through the Marfrig Club's "Environmental Respect" pillar, which encompasses efforts to minimize the impact of livestock raising activities on the environment. Topics related to best practices in the use of water are covered in the Marfrig Club Sustainable Practices Guide. The guidelines include:

- ⦿ Reduction in water consumption in animal husbandry: we encourage producers to invest in animals with genetic characteristics that permit precocious slaughter.
- ⦿ Use of water in animal feed: precocious slaughter also leads to reduced demand for water in the production of raw materials used in animal feed.

To learn more, see <https://sustentabilidade.marfrig.com.br/>.





“SAFE WATER” PROGRAM

“Água Segura,” or “Safe Water,” is a project we have developed in Uruguay to help ranchers become better prepared in the event of eventual water supply problems; another consequence is that they also improve the quality of the water used on their properties and the efficiency of their operations. Inaugurated in 2021, as a pilot program, the project provides financing for ranchers to drill the soil and install water pumps that use solar energy or other alternatives best suited to the needs of the given locality. To access funding, the producer must first develop a plan, including work routines and a budget, in partnership with one of the previously selected drilling companies and then submit the plan for evaluation. If approved, the plan is executed. In 2021, installation of the first three wells began; the goal is to reach 40 wells in 2022, mainly in the regions of Salto, Artigas, and Tacuarembó.

Water Risk

[FB-MP-140a.2]

IN OUR OPERATIONS

Most of our units are located in areas considered to have low exposure to significant water risks in the different countries in which we operate. There are 22 units in regions with low or low-to-medium risk of water stress, and 11 units in regions with medium-to-high or extremely high levels of stress. Units in areas of extreme risk include Liberal, in the United States; regions of high water stress include Itupeva (Brazil) and Patagonia (Chile). The complete list of units can be found on our website, under Sustainability/Natural Resources/Water Risk/Water Risk Based Management.

NUMBER OF UNITS EXPOSED TO WATER RISK

	Low	Low to Medium	Medium to High	High	Extremely High
Argentina	2	2	1	–	–
Brazil	–	6	5	1	–
Chile	–	–	1	1	–
Uruguay	6	–	–	–	–
United States	4	2	1	0	1

Source: Aqueduct

According to the current water risk assessment, based on information provided by WRI's Aqueduct tool, the Colônia unit, located in the Quinto River Basin in Argentina, has a qualitative balance evaluated as “medium-to-high,” resulting in an overall medium risk evaluation for the basin as a whole. The Bagé unit, in Brazil's Rio Negro Basin, presents a qualitative balance evaluated as “low-to-medium,” resulting in an overall low risk evaluation for the whole basin. No operational unit is located in an area of high water stress from an overall qualitative viewpoint. National Beef units, in turn, are located in areas where the qualitative risk for the water used in its operations varies from “low” to “low-to-medium.”

WITHIN OUR SUPPLY CHAIN

As with other variables, water risk management is not restricted to our operations only. To engage our suppliers in best practices in this area, we have started mapping water availability throughout the value chain, a strategy that will be incorporated into our geospatial monitoring system as well as our map for mitigating deforestation risk. To that end, we cross-reference maps covering the water situation in the regions where we operate with maps locating our suppliers of cattle for slaughter. In this manner, we are able to assess water risk and coordinate actions, both direct and preventative, to improve water management all along the supply chain in accordance with goals, controls, and rational use criteria. Mapping now also includes the supply of products for animal feed.



### WATER SOURCES – AREAS OF HIGH OR EXTREME WATER STRESS

The three units located in areas of high water stress obtained 5,498,075 m³ of water in 2021, the equivalent of 19.36% of all the water used by our units during the year:

	Surface Waters		Subterranean Waters	
	m³	% of total	m³	% of total
ITUPEVA (Brazil)	–	–	22,695	100
LIBERAL (USA)	–	–	–	100
PATAGÔNIA (Chile)	63,873	100	–	–

### INVESTMENTS IN WATER SUPPLY EFFICIENCY

In 2021, we invested more than R\$ 23 million in improvements related to water management at our units; the funds were directed mainly toward renovation of reservoirs and the revitalization of treatment systems. The total amount represents an increase of 26% over CAPEX for the previous year.

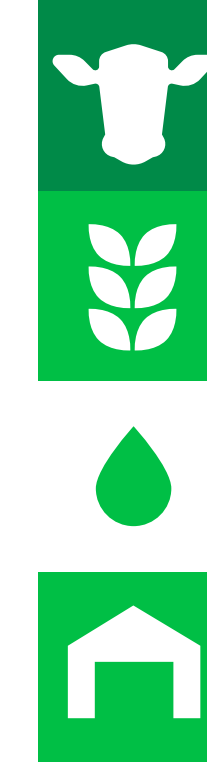
In relation to operational costs (OPEX), we laid out R\$ 43 million for improvements in treatment of affluents and effluents, over and above general maintenance, a figure which was 66% higher than in 2020.

In R\$	Capex		Opex	
	2020	2021	2020	2021
Argentina	118.14 thousand	2.95 million	–	–
Brazil	14.12 million	18.71 million	14.08 million	32.14 million
Uruguay	4.00 million	1.34 million	11.81million	10.90 million
<b>TOTALS</b>	<b>18,238,140.00</b>	<b>23,003,500.00</b>	<b>25,890,000</b>	<b>43.04 million</b>

Note.: In Chile, where we maintain a slaughterhouse for lamb in the Patagonia region, there were no projects involving water treatment infrastructure during the periods under review.







# ENERGY

In this pillar:

- ⦿ We take care to manage energy consumption in our operations; energy is also a resource that requires water availability, given that, in Brazil, hydroelectric generating stations are the leading source of power. Water scarcity has an impact on energy production, with effects on electric power rates.

One of the chief advances we have made in the management of energy use has been the migration of power supplies to the free market. In 2021, we managed to bring all of our Brazilian operations under free market contracts. Under this modality, we are free to choose our suppliers and, consequently, we can diversify into use of clean energy sources, such as small hydroelectric plants as well as solar and wind sources, among others. This approach also helps us to manage risks from price variations since it guarantees the purchase of energy at previously established prices. As a result, we were able to buy more than 90% of the energy we used during the period from the free market.

The search for **more sustainable energy sources**, in substitution for traditional energy, is one of our priorities. In Uruguay, for example, a wind park generates enough energy to meet 30%, on average, of the demand at our Tacuarembó facility. In the United States, we use **methane**, present in biogas, as a combustible fuel to operate boilers. The fuel, derived from purification of the biogas produced

by organic residues, such as cattle waste, also helps us to reduce our Scope 1 emissions since methane generates a volume 28x greater than the greenhouse effect of carbonic gas. In this manner, we gain a double advantage from the process.

Measures adopted to help manage consumption of energy include the following:

- ⦿ **Rational consumption**, dissemination, among our employees, of best practices through training and continuous communications.
- ⦿ **Adoption of energy efficient equipment** in our operations.
- ⦿ **Training** of teams, dissemination of best practices for conscientious energy use.
- ⦿ **Re-use** of energy resources such as thermal energy from boilers and rendering plants.
- ⦿ **Indicators** to monitor energy consumption on a continuous basis, allowing us to seek improvements in our productive units. We utilize the following two metrics:
  - ⦿ KWh per metric ton of product
  - ⦿ KWh per head of cattle

## METHANE GAS AS A COMBUSTIBLE FUEL

Our unit in Liberal, Kansas (USA) has innovated by using methane gas as a fuel for its boilers. This is possible because the unit has developed a system specific for methane gas use by which it captures biogas and, after treatment, removes the methane for use as fuel. The volume obtained from such wastewater sources supplies one-third of the energy needed to power the boilers, which are also fueled by natural gas.

The process, introduced in 2021 after US\$ 13 million in investments, was inspired by a similar experiment at another National Beef facility. In Dodge, Iowa, investments reached approximately US\$ 20 million in 2004 to build a municipal system for treatment of waste waters. The system, in operation since 2006, collects methane from waste waters and injects it into the municipal natural gas distribution system, benefiting the entire community; the industrial effluents, meanwhile, are used for irrigation purposes.



## OTHER ADVANCES IN ENERGY MANAGEMENT:

- In 2021, we began the practice of publishing our renewable energy use targets via the CDP (2020 cycle). As such, we reinforced our commitment to seeking clean energy sources while also reducing energy use at our facilities.
- We also started acquiring renewable energy certificates to offset energy use at our operations. In 2021, we structured an action plan in this regard for execution in 2022.

## ENERGY USE INTENSITY INDEX

[GRI 302-3]

In GJ/Ton	2020	2021	%
	0.8	1.1	38%
North America	0.74	0.79	7%
South America	0.87	1.58	82%

## ENERGY CONSUMPTION

[GRI 302-1; FB-MP-130a.1]

In GJ	RENEWABLES			NON-RENEWABLES			Totals		
	2020	2021	Var. %	2020	2021	Var. %	2020	2021	Var. %
North America	189,486	330,733	74.5%	1,277,345	1,280,824	0.3%	1,466,831	1,611,557	9.9%
South America	705,398	761,241	7.9%	555,113	1,391,965	150.8%	1,260,511	2,153,206	70.8%
<b>Total</b>	<b>894,884</b>	<b>1,091,974</b>	<b>22.0%</b>	<b>1,832,458</b>	<b>2,672,789</b>	<b>45.9%</b>	<b>2,727,342</b>	<b>3,764,763</b>	<b>38.0%</b>

## PERFORMANCE IN 2021

During the course of the year, our consumption of energy totaled 3.76 million GJ, up 38.5% from the previous year's volume. The biggest demand for power came from our South American operations: with more facilities, South America accounted for 57.6% of total consumption. One point to highlight is the fact that, during the year, renewable energy expanded significantly. Renewables accounted for 29% of total power utilized.

In relation to the intensity of energy use, the proportion was 1.1 GJ per metric ton of production. The North American operation was more energy efficient than its South American counterpart. [GRI 302-4]



## WASTEWATER AND RESIDUES

In this pillar:

- Management of procedures for disposal of wastewater while seeking continuous improvement.
- We are careful to administer the disposal of solid wastes left by our operations to make sure they are sent to the appropriate destinations.

### Wastewater

15%

REDUCTION IN THE VOLUME OF WASTEWATER GENERATED BY OUR OPERATIONS, BY 2035.

That is the overall target we are pursuing for our domestic operations, to be distributed at a later date among units in consideration of the unique characteristics of each.

### MANAGEMENT OF WASTEWATER

[GRI 303-2]

Using water in a responsible manner in our operations includes taking care of water springs. To that end, we seek, every year, to improve our practices in relation to the disposal of wastewater with the objective of minimizing the impact of our operations on the environment.

In 2021, our operations registered 23,247,550 m<sup>3</sup> of effluents. The data referring to the generation of effluents in 2020, in all our operations, was certified by a third-party company, in the process of auditing our greenhouse gas emissions inventory. A similar outside review is scheduled for 2022, based on data from 2021.

- Wastewater Treatment Plant (WWTPs):** effluents are generated at various stages of the productive process at our units; these are treated before being returned to the environment. This is possible because 100% of our plants have their own WWTPs, where water passes through physio-chemical treatments followed by biological treatments such that, by the end of the process, the water meets standards set by federal legislation as well as legislation for the state in which the unit is located.
- Re-use:** as a food packaging enterprise, and in view of our commitment to food quality and safety, we have imposed restrictions on the employment of re-used water in our operations. Consequently, initiatives carried out in this field are aimed only at processes that do not require potable water resources, as in the case of re-use of water in the backwash of filters at Water Treatment Plants (WTPs) in external areas of slaughterhouses (gardens, patios, and pathways).
- Meanwhile, we have also developed ways to approach our suppliers and engage with them on the same best practices in this area, especially through the Marfrig Club. This protocol includes guidelines on best practices

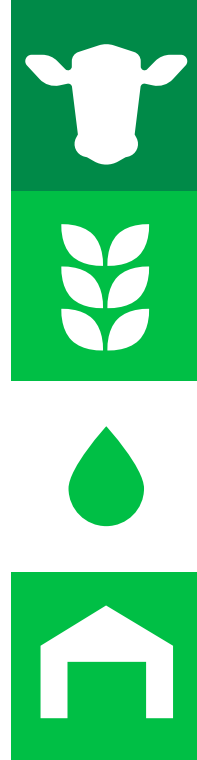
for water use and wastewater treatment, protection of water springs, and precautions to avoid contamination by wastewater generated by homes, stables, and other facilities. Suppliers can also find information on effluent treatment on our website under Sustainability.

**100%** of our units have **Wastewater Treatment Plant**, giving them the autonomy they need to treat effluents generated by the various activities associated with the productive process.

**R\$ 30 million** in investments in modernization of WWTPs and WTSs installed at our operational units. Through the use of biological and technical segregation systems, we have been able to advance in the efficient treatment of effluents.

### FERTIGATION

We have expanded the use of fertigation in our operations. Instead of disposing of water after use in our production systems, we employ the treated effluents to irrigate productive areas on farms near our plants. By capturing organic matter and nutrients accumulated throughout the industrial process, fertigation offers farms and ranches an opportunity to improve soil and cultivation, even reducing the use of conventional fertilizers. In Brazil, for example, our units in Tangará da Serra (MT) and Bataguassu (MS) engage in fertigation, directing effluents, after treatment, for use as fertilizers in farms and pastures. In other units, both in North



## NEW SYSTEM FOR TREATMENT OF RESIDUAL WATER

All of the wastewater from our unit in Liberal, Kansas (USA) – some seven billion liters of water per year – undergoes treatment and is re-used for irrigation of farmlands. This process comes after investments of US\$50 million in a treatment plant, completed in 2021, which includes, among other improvements, procedures for scrubbing and purifying water. Approximately US\$6 million were allocated to irrigation systems for the treatment of effluents, which are then used as fertilizer by partner producers located near the slaughterhouse.

and South America, we collect biogas from the treatment and burning of effluents, a process that contributes to the reduction of our Scope 1 emissions.

16% of our units, in Brazil, have already adopted fertigation as part of their work routines. Another 16% are in the final stages of environmental studies and are now completing technical aspects for fertigation projects.

## SOLID WASTE

We have adopted a number of practices to ensure that the solid waste generated by our operations is properly disposed of. All of the procedures incorporated by our units observe the legal and other requirements of the locations where they operate. In Brazil, for example, our units follow the guidelines established by the National Solid Waste Policy. This document aims, among other things, to disseminate the idea of shared responsibility for the correct disposal of such materials while also encouraging re-use and recycling. Another example is the practice of environmental compensation for waste materials from post-consumer packaging. In Brazil, we have adopted the practice of acquiring recycling certificates, documents issued by specialized companies that facilitate the negotiation and sale of recyclable materials to cooperatives in a practice known as reverse logistics.

Other practices adopted by our operations when it comes to management of solid wastes include the following:

- 🕒 **Environmental Management System:** all of our units operate under an Environmental Management System, which, among other practices, provides for storage, transport, and disposal of waste materials, including those denominated as dangerous, such as chemical substances, for example.
- 🕒 **Selective Waste Collection:** all our units engage in triage, separating materials into different categories so that some material can be re-used, and other material recycled or recovered, depending on its characteristics, legal requirements, and demands of environmental authorities in the different countries where we operate.
- 🕒 **Awareness and training:** employees take part in periodic training sessions addressing this issue and are continually oriented in relation to the correct manner for disposing of waste material as part of ordinary work routines.
- 🕒 **Dangerous products:** we employ rigid procedures for the storage, transport, and disposal of dangerous products, including environmental monitoring and contingency planning for eventual problems involving such substances. Our units maintain their own environmental management systems to accompany such products until they reach their destinations.



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🕒 **Management via indicators:** our practices in relation to the treatment of effluents and waste are tracked by indicators that allow us to observe the performance of each of our units in these areas and, as needed, seek improvements. We use the following metrics: Effluent Treatment Quality Index (ETQI), quantity of non-hazardous waste generated per animal slaughtered, and quantity of non-hazardous waste generated per metric ton of processed products.

In order to encourage our suppliers to adopt best practices for waste management, we offer orientations via the Marfrig Club, which, among other recommendations, requests all supplier ranches to file the proper documentation related to this issue. To find out more, see on our website under Sustainability.

PERFORMANCE IN 2021

Our operations generated 283,000 metric tons of residues in 2021, a volume 7% greater than in 2020. Of that total, 300 tons were classified as dangerous, including items such as paint cans, packaging from contaminated products, mercury light bulbs, and others.

WASTE DISPOSAL

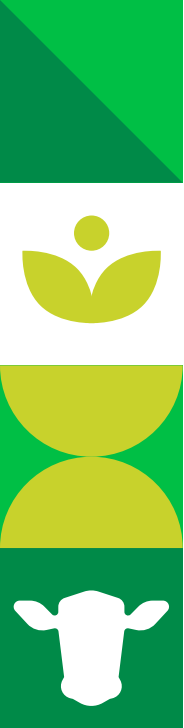
[GRI 306-5]

In a thousand tons	North America						South America					
	Hazardous			Non-hazardous			Hazardous			Non-hazardous		
	2020	2021	%	2020	2021	%	2020	2021	%	2020	2021	%
LANDFILL - OWN + THIRD PARTY	2.00	0.00 <sup>1</sup>	–	47.49	56.79	19.58%	0.20	0.30	50.00%	29.24	34.94	19.49%
COMPOSTING	–	–	–	79.66	75.83	–4.81%	–	–	–	81.06	85.8	5.85%
INCINERATION	–	–	–	–	–	–	0.02	–	–	0.30	1.27	323.33%
RECYCLING	–	–	–	4.36	5.08	16.51%	0.00 <sup>2</sup>	–	–	15.54	22.63	45.62%
OTHER DESTINATIONS	–	–	–	–	–	–	0.06	–	–	3.33	0.34	–89.79%
TOTAL VOLUME	2.00	0.00	–	131.51	137.70	4.71%	0.28	0.30	6.18%	129.47	144.98	11.98%

<sup>1</sup> Volume of hazardous waste destined in 2021 by the North American operation was 1 ton.  
<sup>2</sup> Volume of hazardous waste destined for recycling in 2020 by the South American operation was 90 kilos.

WE HAVE, IN BRAZIL, THE PRACTICE OF ACQUIRING CERTIFICATES OF RECYCLING, DOCUMENTS ISSUED BY SPECIALIZED COMPANIES THAT FACILITATE THE TRADING AND SALE OF RECYCLABLE MATERIALS TO COOPERATIVES, IN ORDER TO CONTRIBUTE TO REVERSE LOGISTICS.





# SOCIAL RESPONSIBILITY

Social responsibility is the principle that drives us to promote sustainable livestock. To preserve and protect biodiversity in Brazil, especially in the Amazon and Cerrado biomes, also means promoting the socio-economic inclusion of producers, including the re-integration of cattle breeders blocked because of governance issues but who have made the effort necessary to comply with our sustainability criteria.

- 2,054 ranches were re-integrated in 2021 through the efforts of the Marfrig Verde+ Program, which helped ranchers return to their operations by conforming with our socio-environmental commitments. The figure represents 26% of active suppliers during the period.

Inclusion of suppliers – one leg of the tripod that supports Marfrig Verde+ alongside production and conservation – delivers a major positive impact because it does not just speak to the problem of environmental protection. By blocking suppliers because of irregularities in their operations we provoke a decline in rancher earnings, which produces a knock-on effect not only in terms of degraded productive practices but also in the form of unemployment for workers and a falloff in family incomes, factors which damage local economies. **[GRI 308-2]**



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Another factor which permeates our operations is respect for human rights. We repudiate the use of child labor and labor analogous to slavery. We insist on respect for decent conduct not only in our own operations but also in those of our suppliers and we do so from the moment we sign a contract; and we maintain that commitment throughout our business relationships.

We are aware of the social impact produced by our operations. Consequently, parallel to our work with a long chain of suppliers, we also seek to contribute pro-actively to the socio-economic welfare and overall wellbeing of the communities in which we have a presence. We have developed a number of programs, in the different countries where we operate, including the Marfrig Institute, and a partnership we maintain with Hospital de Amor (the Love Hospital) in Brazil, along with campaigns for charitable donations undertaken in other countries.

### MARFRIG FAZER E SER FELIZ INSTITUTE (THE MARFRIG BE HAPPY INSTITUTE)

As part of our contribution to the communities in which we have a presence, the Company has maintained *Marfrig Fazer e Ser Feliz* (the Marfrig Be Happy Institute) since 2011. With installations in three towns where Marfrig has facilities – Promissão (SP), Bataguassu (MS), and Chupinguaia (RO) –

the non-profit entity has developed programs for some 150 socially vulnerable children between the ages of six and eleven who are matriculated in public schools. Activities are designed for after-school hours from Monday through Friday and include things like refresher studies and computer use as well as crafts and Bible studies. In 2021, because of the Covid-19 pandemic and in response to social distancing rules, activities at the Marfrig Institute were suspended.

### HOSPITAL DE AMOR (LOVE HOSPITAL)

Since 2017, we have maintained a partnership with the Hospital de Amor (Love Hospital), a center for oncological excellence located in Barretos (SP). We furnish all the meat products needed for the hospital's daily functioning; the hospital serves 16,000 patients per month. To make our impact even greater, we created a Program called *Agro contra o Câncer* (Agriculture against Cancer) so that ranchers can also make their contribution to the hospital's functioning. For every animal slaughtered, our suppliers donate R\$ 1.00, funds which are used to maintain treatment and to help prevent cancer through early diagnosis, a service offered free by the Unified Health System (SUS). In 2021, our Montana brand donated a total of 91 metric tons of meat to the institution.





## INSTITUTIONAL PARTNERSHIPS

[GRI 102-13]

As a leading animal protein company in the world, we understand the outreach and impact we can have in the engagement and relationship with the various stakeholders in civil society and governments. In this regard, we seek to foster cooperative dialogue, and support a variety of initiatives, in addition to actively participating in sector-wide efforts towards the improvement of sustainability practices in our industry, in the areas of climate change, animal welfare, pollution, antibiotics, and alternative proteins. Some of the main organizations with which we maintain relationships:

### ANIMAL WELFARE:

**ABIEC** (Brazilian Association of Meat Exporting Industries): we actively engage in discussions about animal welfare in the industrial segments, providing input to public inquiries that aim to develop standards and legislation on the subject.

**WAP** (Animal World Protection) and MAPA (Ministry of Agriculture, Livestock and Supply):

- STEPS humanitarian slaughter program: the result of a partnership between WAP and MAPA. The material regarding good cattle farming practices, distributed by WAP, was largely recorded and photographed in our facilities, in mid 2007. We also contributed with the

training of the STEPS team at our plant in the city of Promissão (SP).

- Legal transport: release of images captured during the monitoring of shipments, transport, and unloading of European animals, in one of the units located in Rio Grande do Sul, to be used in the DVD Legal Transport, produced by MAPA, aimed at developing professionals and encouraging best practices in cattle farming.
- Training material: support to WAP in developing training material, and recommendation of practices applicable to our value chain.

**CIWF (Compassion in World Farming):** support to the identification of improvement opportunities, based on the recommendation of practices applicable to our value chain.

**Equipment manufacturers:** development of projects, jointly with equipment manufacturers, that aim to make the operation easier, and to provide even better welfare to animals and employees.

**Empresa Brasileira de Pesquisa Agropecuária (Embrapa) (Brazilian Agricultural Research Corporation):** partnership established in 2018, to boost the adoption of more sustainable practices towards livestock farming, while certifying meats deriving from such systems.

## CLIMATE CHANGE

**Initiative for Sustainable Trade (IDH):** a partner in the Marfrig Verde+ program, the Dutch organization IDH acts together with companies, sponsors, governments, and the civil society, in favor of sustainable trade within the global value chains.

**Global Roundtable for Sustainable Beef:** we are a partner in this initiative, which is aimed at encouraging sustainable beef production, as a socially responsible, environmentally sound and economically viable product, which prioritizes the planet, people, animals and progress.

**Brazilian Roundtable on Sustainable Livestock (GTPS):** this group debates and draws up the principles, standards and common practices to be adopted by the sector, with the proposition of developing livestock farming that is sustainable, fair, environmentally correct and economically viable. Among the projects developed by GTPS and its partner members is the Sustainable Livestock Farming Indicators Guide (GIPS), aimed at engaging all links of the production chain with the best sustainability practices applied to livestock farming. It is made up of producers, industries, research centers and universities. We have been members of GTPS since 2009.

**Tropical Forest Alliance (TFA):** seeks to achieve zero deforestation in the production chains of beef, palm oil, soy, paper and pulp. This global alliance, created in 2012 by the Consumer Goods Forum, brings together top executives





from several manufacturers of consumer goods, plus the U.S. government.

**Coalizão Brasil - Clima Floresta e Agricultura (Brazilian Coalition - Climate, Forest and Agriculture):** an organization made up of over 300 representatives from the private sector, financial sector, academia and civil society, uniting different voices in favor of Brazil's leadership in a new competitive, responsible and inclusive low-carbon economy. In this context, it acts to promote synergy between the agendas of protection, preservation, sustainable use of natural and planted forests, agriculture and livestock, and adaptation to climate change.

**Meat Traceability Task Force:** a group led by the Brazilian Coalition on Climate, Forest and Agriculture, which relies on the cooperation from the Brazilian Association of Exporting Industries (ABIEC), the Brazilian Agribusiness Association (ABAG), and other institutions and companies.

**Federal Public Prosecutors Ministry (MPF) and Imaflora:** interaction that takes place through the Homogenized Protocol for the Purchase of Cattle in the Beef Industry.

**Federal Public Prosecutors Ministry and the Mato Grosso Meat Institute:** interaction aimed at reintegrating blocked suppliers: direct ones, in the short term, and indirect ones, in the long term.

**CFA Institute:** promotes the initiative to evaluate and enhance our chain monitoring approach, based on documentation and process review.

**Agroícone:** develops the mapping of risks involving direct suppliers from the Amazon.

**PCI Institute:** officially responsible for implementing the "Produce, Preserve, Include" strategy in the state of Mato Grosso, Brazil.

**Safe Trace and The Nature Conservancy:** they act with us in the development of an application, based on blockchain, to report zootechnical and environmental information for the beef industry, while using our geo-monitoring system.

**Amigos Terra Amazônia Brasileira (Friends of the Brazilian Amazon Land):** partnership in the fight against triangulation in the sale of cattle, through the Visipec system, which is a technological solution developed for this purpose.

**H2O Company:** responsible for evaluating the Marfrig Protocol.

**Geoflorestas:** provider of geomonitoring services.

**Empresa Brasileira de Pesquisa Agropecuária (Embrapa) (Brazilian Agricultural Research Corporation):** testing and expansion of the Carbon Neutral Brazilian Beef (CNBB) and Low Carbon Brazilian Beef (LCBB) protocols.



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## ECONOMIC AND FINANCIAL BALANCE SHEETS





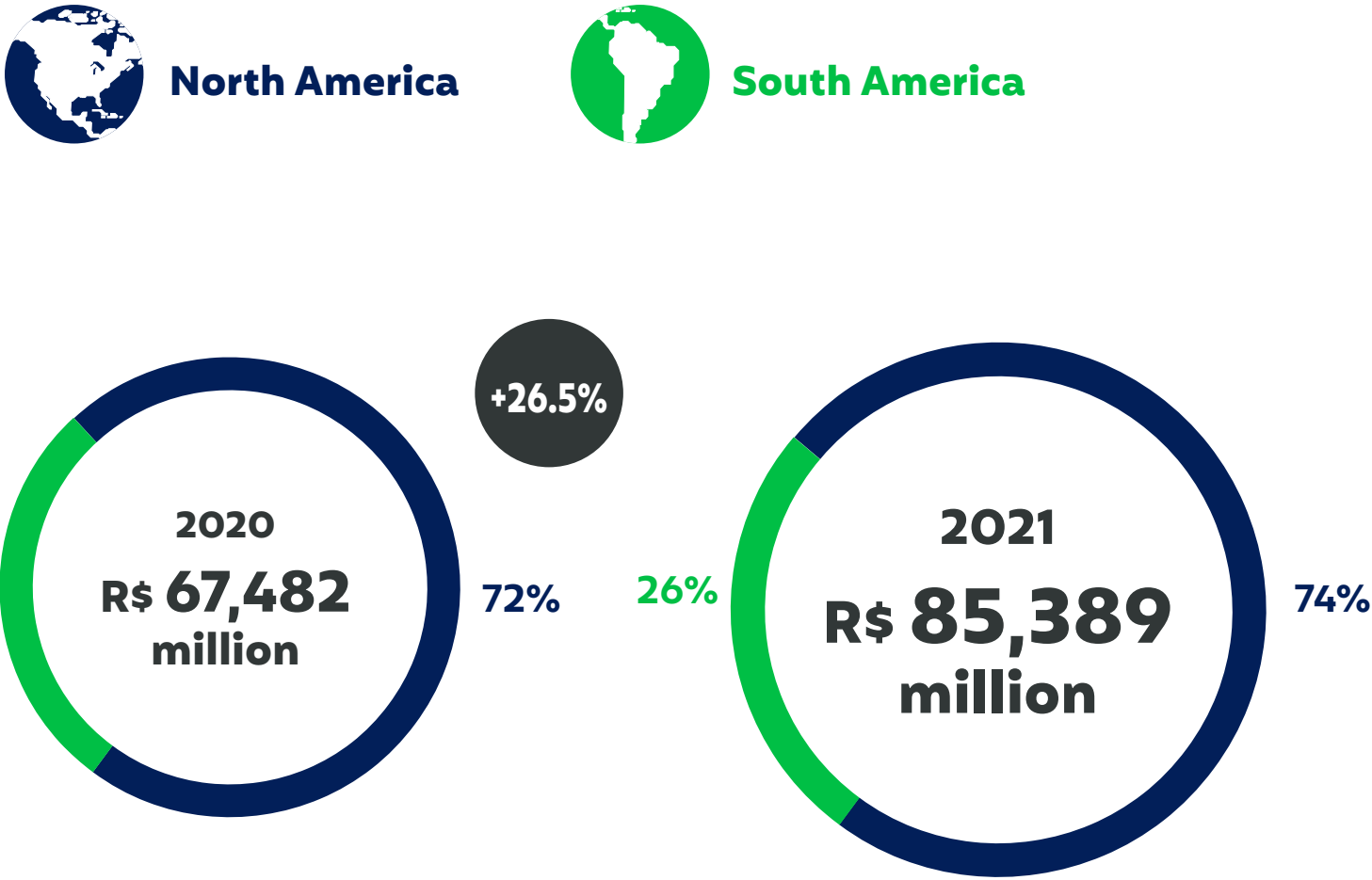
# 2021 RESULTS

[GRI 103-2; 103-3]

Results in 2021 were the best ever registered by Marfrig. In North America, the year was marked by high demand for bovine protein, which allowed our Operation to notch successive records for profitability throughout the year and, as a consequence, excellent overall performance. In South America, our business showed great resilience in the face of various challenges during the year, including scarcity and persistent high prices for raw material along with the temporary suspension of exports to China and a decline in internal demand for bovine meat. Record performance was the result of operational excellence, structural simplification, and efficient management of operations.

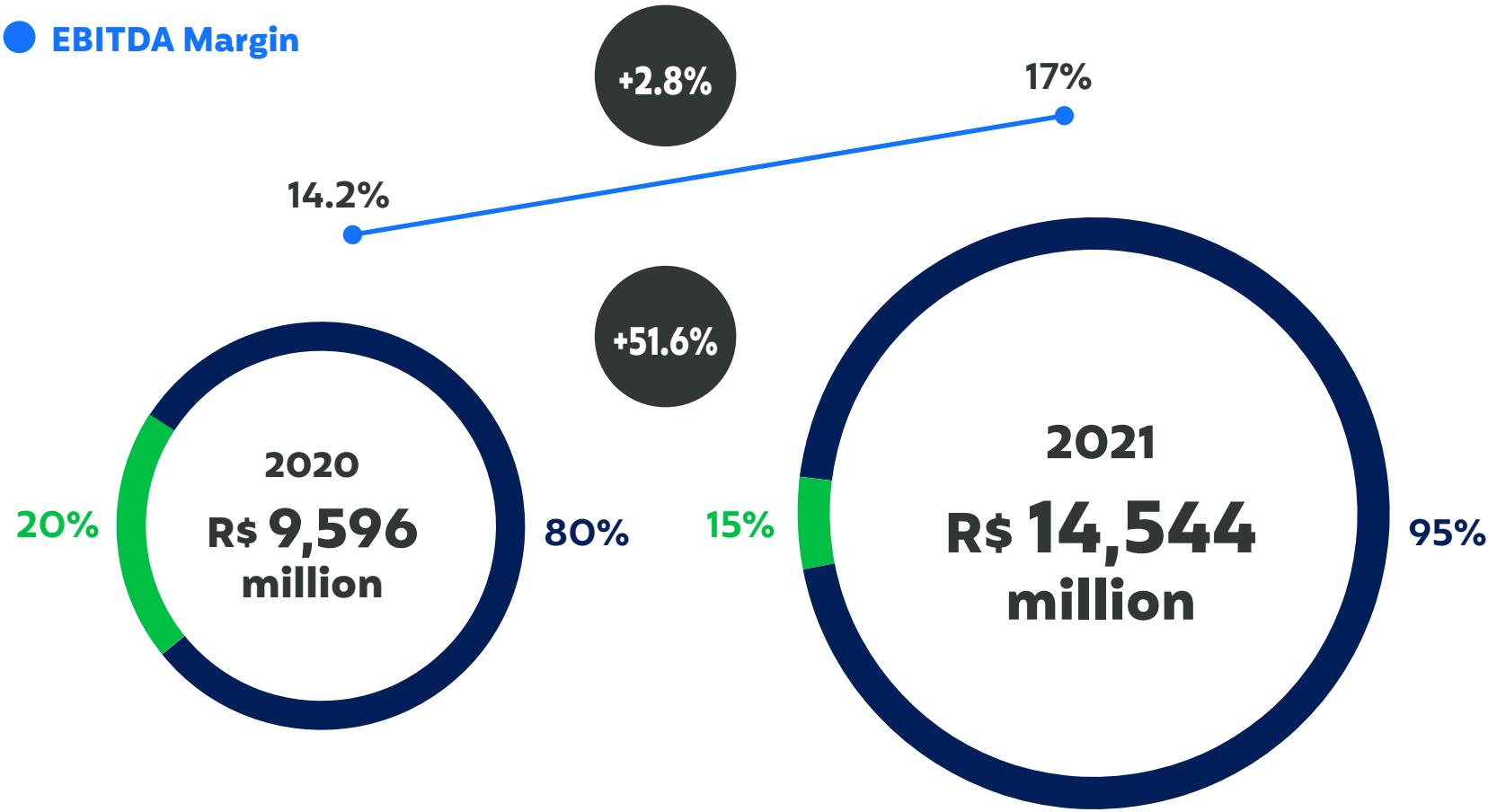
## NET REVENUE

**R\$ 85.4 billion**, a strong 26.5% jump, explained chiefly by higher average sales prices in all the markets where we have a presence.



## ADJUSTED EBITDA & MARGIN (R\$ MILLIONS)

**R\$ 14.5 billion**, an all-time record, up 51.6% from the 2020 result. Adjusted EBITDA Margin, at 17.0%, was also a record. Such a performance reflects strong results from the North American Operation, which compensated for lower profitability in the South American Operation, pressured by higher raw materials costs and lower sales volume, especially in the area of exports.



## NET PROFIT

**R\$ 4.3 billion**, an increase of 31.5% over 2020. This was our largest profit ever and allowed us to distribute, ahead of schedule, some R\$ 1,789 million in dividends. With the addition of a fresh distribution proposal, the dividend total will reach R\$ 2,172 million or approximately 58% of the total net profit accumulated following necessary additions to reserves.

## OPERATIONAL CASH FLOW

**R\$ 9.0 billion**, explained chiefly by record North American Operation performance.

## WORKING CAPITAL FLOW

**R\$ 5.1 billion**, a record result brought about by improved management of working capital, a decline in financing costs, and the reduction of gross debt along with record performance by the North American Operation.

RECURRING CAPEX

**R\$ 2.3 billion**, up 61% from 2020. The increase is explained by the effects of foreign exchange depreciation as investments in foreign currencies were translated into local currency along with greater investments in projects aimed at organic growth.

NET DEBT

**US\$ 3,929.0 million** (R\$ 21.9 billion), an increase of 35.6% over net debt as of the end of 2020 (measured in Brazilian Real, with an oscillation of 45.7%). The increase is explained chiefly by the re-classification of BRF shares, which until the Third Quarter of 2021 had been accounted for as short-term deposits in financial instruments and shares, therefore composing a portion of working capital, but which, starting with the Fourth Quarter of 2021, became part of long-term capital, and were thus dropped from net debt calculations.

**Leverage (in R\$):**  
**Lowest level ever registered**

2021: 1.51x  
2020: 1.57x

**Leverage (US\$):**  
2021: 1.45x  
2020: 1.60x

Full balance sheets for 2021 are available in <https://ri.marfrig.com.br/en/informacoes-financeiras/results-center/>

ADDED VALUE EXPOSITION (AVE)

[GRI 201-1]

During the year, total (consolidated) distribution of added value amounted to R\$ 25.06 billion, up 40% from the figure registered the previous year. The largest portion of the total (30%) came in the form of capital destined for third parties (31%), with payments for interest and rents next, followed by remuneration for personnel (30%).

	Consolidated (In millions of R\$)	
	2021	2020
Revenue	86,580,502	68,573,563
Distribution from added value	25,055,046	17,875,891
Personnel	7,538,861	6,240,627
Taxes, fees, and contributions	3,051,525	1,092,830
Remuneration of third-party capital	7,818,281	6,011,582
Remuneration of own capital	6,646,379	4,530,852

R\$ 25.06 BILLION

DISTRIBUTION FROM ADDED VALUE

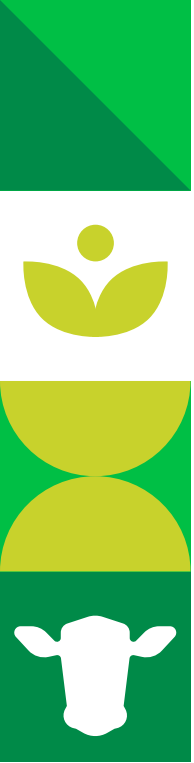


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# MATERIALITY MATRIX







# MATERIALITY MATRIX

[GRI 102-47]

The main reference used for reporting information on our ESG performance, in this report, is the Materiality Matrix, in accordance with the recommendations laid out by the GRI methodology. Through the Materiality Matrix, we are able to identify the aspects of our operations that impact the stakeholders with whom we interact, and those that stand out as being material to such stakeholders in their relationship maintained with us. The Matrix also provides us with indications of how our strategies and actions are affected by them.

In this edition, we have maintained the same Materiality Matrix presented in the previous report. We have reviewed each of the relevant topics, from the viewpoint of the strategic guidelines of our business, and from the results obtained from the analysis of the good practices adopted by other players, both in Brazil and abroad. We have also reviewed the adherence of our material topics to the factors considered by FAIRR Initiative, an organization based in London (UK) and made up of institutional investors, according to the analysis it carries out every year, in order to determine the ranking of the Collier FAIRR Protein Producer Index. This study constitutes a global reference of good practices adopted by companies that operate in the animal protein-related segments. After performing these reviews, we have concluded that our Materiality Matrix was up to date, and consistent with the positioning we have adopted and the strategies we have pursued.

Therefore, the Materiality Matrix that underlies this report is based on information collected from our stakeholders, through an online survey conducted during the first half of December 2020. We contacted 145 respondents, from different countries. This sample included shareholders, clients, consumers, suppliers, employees, government agents, the press, market institutions, investors, non-governmental organizations (NGOs), producers, financial market professionals, among others. The information gathered has been analyzed in conjunction with other references, which include our strategic planning, the priorities determined by the Marfrig Sustainability Platform, in addition to studies and other references from the sector. Based on all these parameters, we have identified the seven material topics that make up our Matrix. We have also considered the relationship that each topic keeps with the ODS, and the contribution given to the achievement of the goals set out in the UN's Agenda 2030. The scope of the issues led to the definition of the GRI topics addressed in this report, further detailed in the GRI Table of Contents. **[GRI 102-40; 102-42; 102-43]**

The Materiality Matrix has been approved by our Board of Directors, after prior review conducted by the Sustainability Committee, an advisory body to the Board.



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MATERIAL TOPICS

Our Materiality Matrix is made up of seven topics, and the actions and initiatives that developed, related to each of them, contribute to the achievement of 12 SDGs.

Management of supply chains



Animal Welfare



Food Quality and Safety



Employee Health and Safety



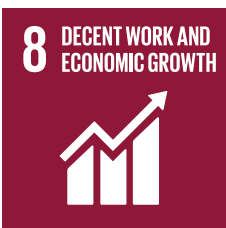
Reduction in Greenhouse Gas Emissions

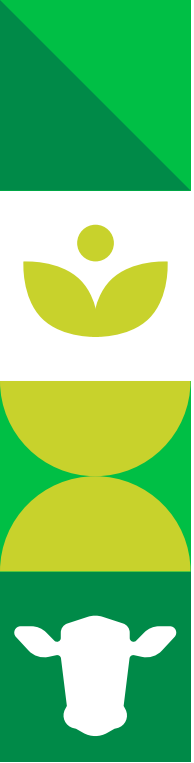


Management of natural resources and the environment



Solidity and longevity of businesses









# IMPACTS







[GRI 102-44]

The definition of the Materiality Matrix also considered the positive and negative impacts caused by our performance, enhanced by the global reach it enjoys, in three different spheres:





## ENVIRONMENTAL

-  Combating deforestation of biomes, by means of the measures that we have developed, such as responsible purchasing of raw materials (see more on page 69).
-  Fostering good practices, throughout the production chain, for the use of natural resources (water and energy), with a view to mitigating the impacts of livestock farming on the environment.
-  Engagement of producers in a number of initiatives intended to ensure animal welfare wherever possible.
-  Impact on climate change, deriving from deforestation of biomes and GHG emissions, carried out by non-regulated producers, which is a practice that we expect to eradicate, by means of the Marfrig Verde+ Program (read more on the page 64).

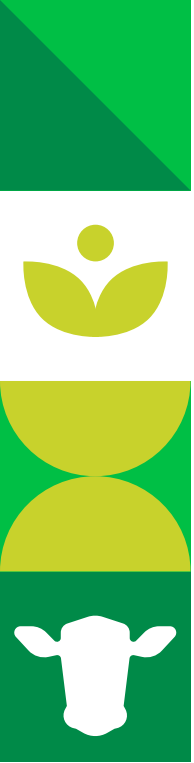
## SOCIAL

-  Dissemination of practices of respect for human rights throughout the value chain, such as the repudiation of labor analogous to slavery and child labor.
-  Access to healthcare services for employees, offered by the outpatient clinics maintained at our plants, located, for the most part, far from urban centers.
-  Training and professional qualification of more than 34,000 employees.
-  High-quality and safe products, including options that meet the different demands from the community, such as vegetarian, organic, and plant protein-based foods.
-  Rural exodus, driven by climate change and soil degradation, leading to declining productivity and rural income.
-  Drop in income generation and unemployment, caused by the blocking of farms operating in non-regulated areas, a situation that we are reverting by means of the Marfrig Verde+ Program.

## ECONOMIC

-  Generation of direct and indirect jobs in the locations where we operate.
-  Payment of taxes.
-  Socioeconomic inclusion of cattle breeders and other links in the production chain.
-  Creation of value to shareholders, through the payment of dividends.





# MATERIALITY AND ITS LIMITS

[GRI 102-46; 102-47; 103-1]

	Theme	Description	Where occurs	GRI Topics and related SASB Indicators
	Management of Supply Chains	Responsible buying, utilizing environmental and social criteria; engagement with suppliers, both direct and indirect, on sustainability practices.	Operational and administrative units, suppliers, and employees.	204-1; 304-2; 308-1; 308-2; 408-1; 409-1; 411-1; 414-1; 103-1; 103-2; 103-3; FB-MP-430a.2
	Animal Welfare	Actions in conformity with best practices; engagement with suppliers and producers in favor of best practices.	Operational and administrative units, suppliers, employees, and communities.	103-1; 103-2; 103-3; FB-MP-260a.1
	Food Quality and Safety	Activities, brands, products, and services; evaluation of impacts on health/safety of products/services; information and labeling of products and services.	Operational and administrative units, employees.	102-2; 416-1; 416-2; 417-1; 417-2; 417-3; 103-1; 103-2; 103-3
	Health and Safety of Employees	Training and certification, in addition to routine on-the-job health and safety.	Operational and administrative units.	401-1; 403-1; 403-2; 403-3; 403-5; 403-9; 404-1; 404-2; 404-3; 103-1; 103-2; 103-3
	Reduction of Greenhouse Gas Emissions	Control of GHG emissions.	Operational and administrative units, employees, suppliers, clients.	305-1; 305-2; 305-3; 305-4; 305-5; 103-1; 103-2; 103-3; FB-MP-110a.1
	Management of Natural Resources and the Environment	Management of the use of inputs (water and energy), impacts on biodiversity and the management of effluents and residues.	Operational and administrative units, employees, suppliers, clients.	302-1; 302-3; 302-4; 303-1; 303-2; 303-3; 306-5; 103-1; 103-2; 103-3; FB-MP-130a.1; FB-MP-140a.2
	Solidity and Longevity of Businesses	Compliance, anti-corruption, and unfair trading; Economic Performance.	Operational and administrative units, employees, suppliers, clients.	201-1; 205-1; 205-2; 205-3; 206-1; 412-2; 103-1; 103-2; 103-3



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# PEOPLE

Here, a breakdown of the information reported between pages 48 and 59, by country. Our operations in Argentina, Brazil, Chile and Uruguay form the South America platform. In North America, our activities are carried out through National Beef, whose operating units are concentrated in the United States.

## BY AGE GROUP AND GENDER

[GRI 102-8]

		2020		2021	
		Female	Male	Female	Male
ARGENTINA	Up to 30 years of age	48	515	52	730
	From 31 to 50	180	1,080	190	1153
	Over 50	51	238	48	211
	Total/ gender	279	1,833	290	2,094
	Total	2,112		2,384	
BRAZIL	Up to 30 years of age	2,067	5,727	2,136	5,130
	From 31 to 50	2,996	5,845	2,985	5,489
	Over 50	604	1,278	612	1,148
	Total/ gender	5,667	12,850	5,733	11,767
	Total	18,517		17,500	
CHILE	Up to 30 years of age	34	73	37	66
	From 31 to 50	48	90	46	93
	Over 50	17	62	21	62
	Total/ gender	99	225	104	221
	Total	324		325	

		2020		2021	
		Female	Male	Female	Male
URUGUAY	Up to 30 years of age	125	686	131	844
	From 31 to 50	486	1,689	514	1816
	Over 50	153	390	189	468
	Total/ gender	764	2,765	834	3,128
	Total	3,529		3,962	
UNITED STATES	Up to 30 years of age	1,082	2,014	1,075	2,024
	From 31 to 50	1,522	2,869	1,562	2,783
	Over 50	809	1,545	860	1,526
	Total/ gender	3,413	6,428	3,497	6,333
	Total	9,841		9,830	

LEADERSHIP

	Occupation	2020			2021						
		Female	Male	Total	Female	Male	Total				
ARGENTINA	Coordination	26	32.5%	54	67.5%	80	16	24.2%	50	75.8%	66
	Management	7	25.9%	20	74.1%	27	7	33.3%	14	66.7%	21
	Directors	0	0.0%	2	100.0%	2	0	0.0%	2	100.0%	2
	Other leaders	12	18.5%	53	81.5%	65	8	11.4%	62	88.6%	70
	Total	45	25.9%	129	74.1%	174	31	19.5%	128	80.5%	159
BRAZIL	Coordination	39	22.3%	136	77.7%	175	40	22.0%	142	78.0%	182
	Management	25	16.9%	123	83.1%	148	25	16.3%	128	83.7%	153
	Directors	0	0.0%	27	100.0%	27	0	0.0%	30	100.0%	30
	Other leaders	162	18.2%	728	81.8%	890	176	19.8%	712	80.2%	888
	Total	226	18.2%	1014	81.8%	1240	241	19.2%	1012	80.8%	1253
CHILE	Coordination	8	28.6%	20	71.4%	28	9	28.1%	23	71.9%	32
	Management	1	25.0%	3	75.0%	4	1	25.0%	3	75.0%	4
	Directors	0	0.0%	1	100.0%	1	0	0.0%	2	100.0%	2
	Other leaders	0	0.0%	6	100.0%	6	6	46.2%	7	53.8%	13
	Total	9	23.1%	30	76.9%	39	16	31.4%	35	68.6%	51
URUGUAY	Coordination	31	17.0%	151	83.0%	182	36	18.4%	160	81.6%	196
	Management	0	0.0%	15	100.0%	15	8	26.7%	22	73.3%	30
	Directors	0	0.0%	1	100.0%	1	0	0.0%	1	100.0%	1
	Other leaders	31	17.0%	151	83.0%	182	36	18.4%	160	81.6%	196
	Total	62	16.3%	318	83.7%	380	80	18.9%	343	81.1%	423
UNITED STATES	Coordination	24	13.0%	160	87.0%	184	20	11.6%	153	88.4%	173
	Management	52	22.9%	175	77.1%	227	50	21.8%	179	78.2%	229
	Directors	0	0.0%	6	100.0%	6	0	0.0%	6	100.0%	6
	Other leaders	99	19.2%	416	80.8%	515	109	19.7%	444	80.3%	553
	Total	175	18.8%	757	81.2%	932	179	18.6%	782	81.4%	961



EMPLOYEES BY TYPE OF OCCUPATION AND LABOR CONTRACT    HIRING, DISMISSALS AND TURNOVER IN 2021

[GRI 401-1]

Total number of employees by labor contract  
(permanent or temporary) in 2021

	Brazil	Argentina	Chile	Uruguay	United States
Permanent	17,500	2,041	141	3,755	9,864
Temporary	0	343	181	80	52

Total number of employees by type of occupation  
(full-time or part-time) - 2021

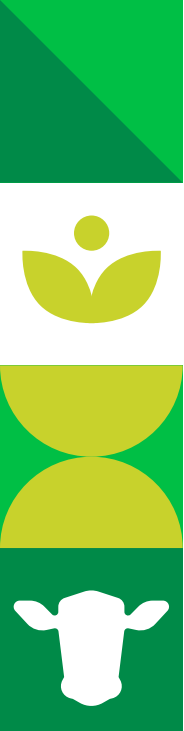
	Brazil	Argentina	Chile	Uruguay	United States
Full-time	17,500	2,384	322	3,830	9,745
Part-time	0	0	0	5	171

TRAINING IN OCCUPATIONAL HEALTH AND SAFETY

[GRI 403-5]

Country	Hours of training	N. participants
Argentina	4,906	1,234
Brazil	196,275	13,513
Chile	826	300
Uruguay	2,273	1,645
United States	493,032	11,298
<b>Total</b>	<b>697,312</b>	<b>27,990</b>

	2021	Argentina		Brazil		Chile		Uruguay		United States	
		Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
<b>Hiring</b>	Up to 30 years of age	35	53	1,088	2,701	35	51	53	260	938	1,812
	From 31 to 50	34	51	752	1,258	34	51	23	81	691	1,356
	Over 50	17	3	34	84	18	47	1	4	175	304
	Total / gender	86	107	1,874	4,043	87	149	77	345	1,804	3,472
	<b>Total</b>	193		5917		236		422		5,276	
<b>Dismissals</b>	Up to 30 years of age	12	65	818	2,854	34	48	14	84	766	1,419
	From 31 to 50	26	136	783	1,766	34	51	15	53	646	1,257
	Over 50	13	45	46	140	18	46	11	28	186	186
	Total / gender	51	246	1,647	4,760	86	145	40	165	1,598	2,862
	<b>Total</b>	297		6,407		231		205		4,460	
<b>Turnover</b>	Up to 30 years of age	34	43	46.11	48.32	10.55	15.44	0.94	4.85	79.26	79.82
	From 31 to 50	32	40	25.62	25.92	10.40	15.44	0.54	1.89	42.8	45.54
	Over 50	17	43	6.61	8.83	5.35	14.22	0.17	0.45	20.99	23.46
<b>Turnover rate</b>		12%		33%		71%		9%		50%	



# GRI CONTENT SUMMARY

[GRI 102-55]

GRI STANDARDS	GRI TOPICS	DEFINITIONS	PAGE/ANSWER
GRI 102 - GENERAL DISCLOSURES	102-14	Statement from senior decision-maker	4
	102-1	Name of the organization	Marfrig Global Foods S.A.
	102-2	Activities, brands, products, and services	19, 24
	102-3	Location of headquarters	15
	102-4	Location of operations	17
	102-5	Ownership and legal form	15
	102-6	Markets served	17, 18
	102-7	Scale of the organization	15
	102-8	Information on employees and other workers	48
	102-41	Collective bargaining agreements	51
	102-9	Supply chain	64
	102-10	Significant changes to the organization and its supply chain	64, 71
	102-11	Precautionary Principle or approach	33
	102-12	External initiatives	2
	102-13	Membership of associations	73, 99
	102-45	Entities included in the consolidated financial statements	Marfrig Global Foods S.A. and subsidiaries, such as NBM US Holdings, Inc. Marfrig Argentina S.A, Marfrig Chile S.A., Quickfood S.A, among others.
	102-46	Defining report content and topic Boundaries	108



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GRI STANDARDS	GRI TOPICS	DEFINITIONS	PAGE/ANSWER
GRI 102 - GENERAL DISCLOSURES	102-47	List of material topics	105, 108
	103-1	Explanation of the material topic and its Boundary	108
	102-48	Restatements of information	2
	102-49	Changes in reporting	2
	102-40	List of stakeholder groups	105
	102-42	Identifying and selecting stakeholders	105
	102-43	Approach to stakeholder engagement	105
	102-44	Key topics and concerns raised	107
	102-50	Reporting period	2
	102-51	Date of most recent report	2
	102-52	Reporting cycle	2
	102-53	Contact point for questions regarding the report	2
	102-54	Claims of reporting in accordance with the GRI Standards	2
	102-55	GRI content index	113
	102-56	External assurance	This report was not submitted to a third party audit
	102-18	Governance structure	30
	102-16	Values, principles, standards, and norms of behavior	16

### MANAGEMENT OF SUPPLY CHAINS

GRI STANDARDS	GRI TOPICS	DEFINITIONS	PAGE/ANSWER
<b>GRI 204: Procurement Practices 2016</b>	<b>204-1</b>	Proportion of spending on local suppliers	69
<b>GRI 304: Biodiversity 2016</b>	<b>304-2</b>	Significant impacts of activities, products, and services on biodiversity	64
<b>GRI 308: Supplier Environmental Assessment 2016</b>	<b>308-1</b>	New suppliers that were screened using environmental criteria	69, 71
	<b>308-2</b>	Negative environmental impacts in the supply chain and actions taken	71, 97
<b>GRI 408: Child Labor 2016</b>	<b>408-1</b>	Operations and suppliers at significant risk for incidents of child labor	69
<b>GRI 409: Forced or Compulsory Labor 2016</b>	<b>409-1</b>	Operations and suppliers at significant risk for incidents of forced or compulsory labor	69
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	<b>411-1</b>	Incidents of violations involving rights of indigenous peoples	71
<b>GRI 414: Supplier Social Assessment 2016</b>	<b>414-1</b>	New suppliers that were screened using social criteria	69
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b>	Explanation of the material topic and its Boundary	108
	<b>103-2</b>	The management approach and its components	21, 64
	<b>103-3</b>	Evaluation of the management approach	21, 64

### ANIMAL WELFARE

<b>GRI 103: Management Approach 2016</b>	<b>103-1</b>	Explanation of the material topic and its Boundary	108
	<b>103-2</b>	The management approach and its components	21, 78
	<b>103-3</b>	Evaluation of the management approach	21, 78



## FOOD QUALITY AND SAFETY

GRI STANDARDS	GRI TOPICS	DEFINITIONS	PAGE/ANSWER
<b>GRI 416: Customer Health and Safety 2016</b>	<b>416-1</b>	Assessment of the health and safety impacts of product and service categories	40
	<b>416-2</b>	Incidents of non-compliance concerning the health and safety impacts of products and services	41
<b>GRI 417: Marketing and Labeling 2016</b>	<b>417-1</b>	Requirements for product and service information and labeling	45
	<b>417-2</b>	Incidents of non-compliance concerning product and service information and labeling	45
	<b>417-3</b>	Incidents of non-compliance concerning marketing communications	46
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b>	Explanation of the material topic and its Boundary	108
	<b>103-2</b>	The management approach and its components	21, 40
	<b>103-3</b>	Evaluation of the management approach	21, 40

## HEALTH AND SAFETY OF EMPLOYEES

GRI STANDARDS	GRI TOPICS	DEFINITIONS	PAGE/ANSWER
<b>GRI 401: Employment 2016</b>	<b>401-1</b>	New employee hires and employee turnover	49
<b>GRI 403: Occupational Health and Safety 2018</b>	<b>403-1</b>	Occupational health and safety management system	56
	<b>403-2</b>	Hazard identification, risk assessment, and incident investigation	58
	<b>403-3</b>	Occupational health services	59
	<b>403-5</b>	Worker training on occupational health and safety	57, 112
	<b>403-9</b>	Work-related injuries	59
<b>GRI 404: Training and Education 2016</b>	<b>404-1</b>	Average hours of training per year per employee	52
	<b>404-2</b>	Programs for upgrading employee skills and transition assistance programs	49, 51, 53
	<b>404-3</b>	Percentage of employees receiving regular performance and career development reviews	53
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b>	Explanation of the material topic and its Boundary	108
	<b>103-2</b>	The management approach and its components	21, 55
	<b>103-3</b>	Evaluation of the management approach	21, 55

### REDUCTION OF GREENHOUSE GAS EMISSIONS

GRI STANDARDS	GRI TOPICS	DEFINITIONS	PAGE/ANSWER
<b>GRI 305: Emissions 2016</b>	<b>305-1</b>	Direct (Scope 1) GHG emissions	86
	<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	86
	<b>305-3</b>	Other indirect (Scope 3) GHG emissions	86
	<b>305-4</b>	GHG emissions intensity	86
	<b>305-5</b>	Reduction of GHG emissions	83, 86
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b>	Explanation of the material topic and its Boundary	108
	<b>103-2</b>	The management approach and its components	21, 83
	<b>103-3</b>	Evaluation of the management approach	21, 83

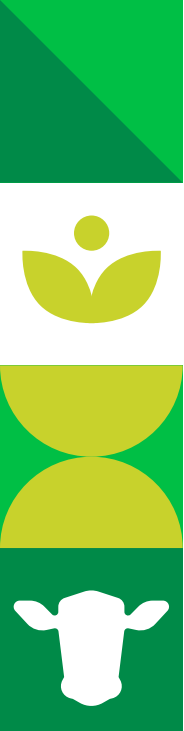
### MANAGEMENT OF NATURAL RESOURCES AND THE ENVIRONMENT

GRI STANDARDS	GRI TOPICS	DEFINITIONS	PAGE/ANSWER
<b>GRI 302: Energy 2016</b>	<b>302-1</b>	Energy consumption within the organization	93
	<b>302-3</b>	Energy intensity	93
	<b>302-4</b>	Reduction of energy consumption	93
<b>GRI 303: Water and effluents 2018</b>	<b>303-1</b>	Interactions with water as a shared resource	87, 89
	<b>303-2</b>	Management of water discharge-related impacts	94
	<b>303-3</b>	Water withdrawal	88
<b>GRI 306: Waste 2020</b>	<b>306-5</b>	Waste directed to disposal	96
<b>GRI 103: Management Approach 2016</b>	<b>103-1</b>	Explanation of the material topic and its Boundary	108
	<b>103-2</b>	The management approach and its components	21, 64, 87
	<b>103-3</b>	Evaluation of the management approach	21, 64, 87



SOLIDITY AND LONGEVITY OF BUSINESSES

GRI STANDARDS	GRI TOPICS	DEFINITIONS	PAGE/ANSWER
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	36
	205-2	Communication and training about anti-corruption policies and procedures	34
	205-3	Confirmed incidents of corruption and actions taken	36
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	37
GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	53
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	103
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	108
	103-2	The management approach and its components	21, 24, 102
	103-3	Evaluation of the management approach	21, 24, 102

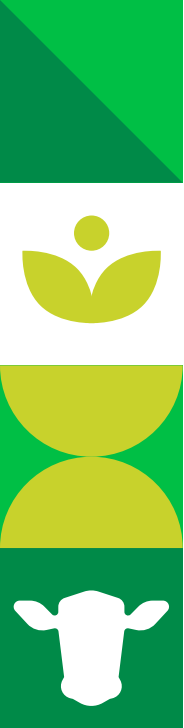


# SASB CONTENT SUMMARY

## FOOD & BEVERAGE SECTOR: MEAT, POULTRY & DAIRY

TOPIC	CODE	ACCOUNTING METRIC	PAGE/ANSWER
Greenhouse Gas Emissions	<b>FB-MP-110a.1</b>	Gross global Scope 1 emissions	86
Energy Management	<b>FB-MP-130a.1</b>	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	93
Water Management	<b>FB-MP-140a.2</b>	Description of water management risks and discussion of strategies and practices to mitigate those risks	89, 90
Antibiotic Use in Animal Production	<b>FB-MP-260a.1</b>	Percentage of animal production that received (1) medically important antibiotics and (2) not medically important antibiotics, by animal type	77
Environmental & Social Impacts of Animal Supply Chain	<b>FB-MP-430a.2</b>	Percentage of supplier and contract production facilities verified to meet animal welfare standards	79





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